



# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

#### Belfast mansion left to burn

The Belfast mansion housing the National Trust headquarters in Northern Ireland was destroyed yesterday after a fire swept through the building. Belfast firemen turned away from the blaze after being told that it was started by a bomb and that no-one's life was at risk.

Mr. Dennis Allen, the Trust's administrative secretary in Ulster, said: "There is no question that a part of the building could have been saved if the Belfast men had started work on the fire."

From other brigades were called in. Later, Belfast police said that two men and a woman were being questioned.

An Ulster Defence Regiment member was murdered in Co. Londonderry on a 34-year-old Catholic was shot dead in a Belfast drinking club.

#### Syrians move into Beirut

Syrian troops of the Arab peace-keeping force in Lebanon are planning to continue their advance into Beirut to-day when they will attempt to penetrate the confrontation lines. Then, they will try to reopen the coastal line between Tripoli and Tyre. Israel has ordered its defence forces to bombard Palestinian positions inside Lebanon without crossing the border.

#### J.K. seeks £1bn. Saudi deal

The British Aircraft Corporation and Rolls-Royce (1971) are understood to be pursuing a contract for the maintenance and overhaul of Saudi military aircraft engines which could be worth at least £1bn. Page 7

#### Security man shot

A 25-year-old security man was shot in the head while on duty at a point-blank range when he failed a £4,000 pay roll robbery at Barclays Bank, Tipton, Staffs. Page 7

#### 1977 coins alert

Banks and shops have been asked to watch for 1977 50p and 10p pieces stolen from a sealed container in a £15,700 raid on a Cardiff to London Royal Mail train earlier this week.

#### Blaze kills four

Four men died when fire swept through the trawler *Sioux* berthed at North Shields. It is thought that the blaze started in an oven when the crew was cooking sausages.

#### Jubilee tour

The Queen and the Duke of Edinburgh will use the Royal yacht *Britannia* when they make their silver jubilee tour of the West Country next August.

#### Briefly . . .

Iceland and the EEC hold their first joint fishing talks on an informal basis in Reykjavik from to-day.

Only 100 Britons have booked for Cunard's QE2 annual round-the-world cruise, compared with 300 last year.

F14 Tomcat interceptor aircraft lost off the Scottish coast two months ago has been lifted above the surface in a U.S. Navy salvage operation.

Porton research worker has gone into a London isolation hospital after developing mild fever symptoms while dealing with "green monkey disease" virus.

Halesowen, West Midlands, metal finishing consultant Mr. Paul Winter, 59, has been appointed chairman of Mensa, the high IQ society.

Miss Pat Arrowsmith, pacifist campaigner, who shed Hampshire notice for wrongful arrest after being detained at Aldershot, accepted a £200 out-of-court settlement.

Moscow Institute of Reflex Therapy is to study the effects of acupuncture.

Chief price changes yesterday (Prices in pence unless otherwise indicated)

RISES	FALLS
Bradford Prop. 102 + 4	Metramar 24 + 5
Brix, Seem Spec. 47 + 3	Powdermill 900 + 7
Concentric 23 + 3	Peko-Wallend 415 + 5
Nat. Bank Aust. 237 + 12	Southern Kinta 73 + 5
Office and Electronic 51 + 4	Southern Malayan 185 + 5
Pork Farms 128 + 8	Treas. 115p 79 "A" 1941 + 12
Porter Chadburn 30 + 4	Treas. 151p 1980 5981 + 12
Primrose 112 + 10	BSR 77 - 10
Samuel Props. 271 + 3	Chloride 77 - 10
Seam and Jackson 88 + 5	Dowty 119 - 6
Shan Hunter 41 + 3	Every Ready 96 - 4
Turner Man. 47 + 3	GKN 228 - 6
Widesthime Bronze 230 + 6	Hill Samuel 292 - 4
Shell Transport 234 + 6	ICI 292 - 4
EZ Inds. 315 + 10	Rank Org. 109 - 5
Gomez Cons. 235 + 12	Rockware 67 - 4
Malayan Tin 225 + 13	Rowntree Mackintosh 168 - 8
	Tube Inv. 275 - 6
	Unilever 352 - 10
	Righty Oils 44 - 11

### BUSINESS

#### New gilt issues disappoint; £ lower

GILTS market gave a muted response to the issue of £1.3bn. of new Government stocks, as prices of gilt-edged slipped back.

The public is believed to have bought £100m. to £200m. of the new 1982 stock, of which £600m. was on offer. But the new long-term stock, £500m. of 15 per cent. Treasury 1996, appears to have attracted no significant outside interest. Remaining stock was taken up by the authorities to be sold on "tap" when circumstances allow.

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## OECD forecasts world recession by late next year

BY OUR ECONOMICS STAFF

Officials of the 24-nation Organisation for Economic Co-operation and Development are forecasting a world recession for the second half of next year.

The forecasts, still subject to amendment before publication on December 20, are more important than normal exercises of this kind, for they are being used to back up intense diplomatic activity by high-level international officials. This activity is aimed:

● to persuade the new Carter Administration to provide a substantial stimulus for the American economy; and

● to persuade the Organisation of Petroleum Exporting Countries to moderate the increase in the price of oil at its meeting in Qatar on December 15.

The Organisation for Economic Co-operation and Development has scaled down its growth predictions for the total Gross Domestic Product of its member countries for the second half of this year, from an original estimate of 5 per cent. to one of 3.5 per cent. All figures are expressed at an annual rate.

For the first half of next year, its officials are expecting a recovery to only 4.5 per cent., compared with 5.25 per cent. expected during the last forecasting exercise in July.

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## Extension of \$5.3bn. loan possible

BY DAVID SELL

THERE IS a possibility now that the \$5.3bn. loan made to Britain earlier this year, and due to expire in December, may be extended for a further short period.

This is to give the British Government and the International Monetary Fund more room for manoeuvre in working out terms for the Fund credit now being negotiated.

So far the negotiating team in London is understood to have spent much of its time trying to establish which Treasury projections represent hopes for the future and which are realistic. In particular, they have not been entirely satisfied with some of the estimates of the public sector borrowing requirement.

Meanwhile, sources here say that the time may now be ripe for Britain to take a new initiative on the question of the sterling balance.

It is understood that a number of industrialised countries may be interested in discussing this problem and they might be prepared eventually to advance a large new standby facility should these talks succeed, provided Britain had already agreed to stringent new IMF conditions.

But there is confusion here about what Britain actually wants. Officials say that if the sterling balance then it must make this much clearer.

The position of the Americans—who provided 40 per cent. of the earlier loan—is also not clear.

There is no reason to believe that this Administration has changed its view that Britain can, and should reach agreement with the IMF by the time the \$5.3bn. swap agreement expires on December 8. It is not yet clear if the new Carter Administration is likely to take the same view.

It is argued in some quarters that if talk of buying more time were seen merely as a ploy to put pressure on the incoming Administration, this might backfire.

The present Government will be in office on January 20 and it has said for some time that it wants firm evidence of new British policies before it discusses other problems.

There are also those, however, who believe that the time may now be ripe for Britain to take a new initiative on the question of the sterling balance.

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## Dockers urged by Callaghan to keep calm

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER yesterday urged dockers to keep calm as the Government sought to salvage what remains of the Work Regulation Bill effectively once amendments based on the night in two key divisions.

But senior Ministers accepted that after a Cabinet meeting, the Government would then have its Bill in a muddled form but there is clearly no guarantee that Ministers will be able to extend the legislation to cover the five-mile corridor in the next Parliamentary session because of lack of time and lack of an effective majority.

After the humiliating defeat, Mr. Callaghan emphasised to his Cabinet colleagues that the Government was not going to be deflected from its strategic aim, "I intend to go on governing."

The likelihood is that the Bill which sought to give monopoly rights to dockers by extending the dock labour scheme, will have to go on the Statute Book in its present state prior to amending legislation in the next Parliamentary session.

Mr. Callaghan stressed the Government's determination to provide security for dock workers, and appealed to them not to be led into "intemperate courses by this decision."

But the Prime Minister made no attempt to conceal the harmful effect of the Bill, which cut the proposed cargo handling zone from five miles around coasts and up major waterways to just half a mile around ports only.

If we can preserve what features remain of the Dock Bill we stand the best chance that the situation will remain calm and that we shall be able to carry forward security for dock workers," he declared.

Mrs. Margaret Thatcher, the Conservative leader, whose campaign to kill the Bill achieved overnight success when the two rebels, Mr. John Mackintosh and Mr. Brian Walker, abstained, did not believe in it. "It was a scandalous Bill, and every effort made to persuade the Government not to try to carry it through failed."

Mr. Mackintosh, MP for Berwick and East Lothian, said he did not fear any disciplinary action "because the Government would be cutting its own throat."

The Government faced more trouble last night on one of the other contentious Bills, still go-ahead and Shipbuilding Industries Bill.

Following a tied vote (303-308) Sir Mervyn Davies, a deputy speaker had to cast his vote in line with the Government's favour on amendment which would have left matters as they are, well satisfied with the damage done to the Bill.

The Bill will now return to the Lords next Monday and Tory peers will have to decide what tactics to use.

Ministers hope that the peers will decide to-day after legal and will agree to move amendments bringing the rest of the Bill into line with the basic half-mile decision, but the indications last night were that Tories given workers the right to be consulted by the two nationalised corporations on industrial democracy proposals.

Unrepentant

An unrepentant Mr. Waldeen, MP for Birmingham, Ladyswood, claimed that half the Labour MPs who voted for the Dock Bill did not believe in it. "It was a scandalous Bill, and every effort made to persuade the Government not to try to carry it through failed."

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LOMBARD

Resorting to scare tactics

BY GEOFFREY OWEN

ONE OF the more disgraceful episodes in the House of Commons this week was the crude attempt by Mr. Gerald Kaufman, Minister of State at the Department of Industry, to frighten members into voting for the aircraft and shipbuilding nationalisation Bill. Several companies were in jeopardy, he said, and unless the Bill was enacted urgently, "the balliffs will be called in." Even if this were true, it would be a strange argument for nationalisation. As it is, the statement was a gross exaggeration, likely to cause considerable damage to those companies of which Scottish Aviation is one which have been struggling hard to keep overseas clients interested during the long period while the argument over nationalisation has been raging. There is a shortage of work in both industries, but sweeping statements about imminent bankruptcy are both unjustified and harmful.

Contraction

Right from the start Government Ministers, unable to offer any rational arguments for the measure, have put a good deal of stress on scare tactics of this sort. There never has been any logic in the notion that because an industry, like all its overseas rivals, is suffering from a contraction of world demand, it should therefore be brought into public ownership. The argument has now degenerated to the point that because the Bill had completed the bulk of its Parliamentary passage but was not certain of clearing the final hurdle, MPs should swallow any doubts in the interest of "ending uncertainty." It is tantamount to saying that when a Government produces a bad bill and thereby plunges an industry into uncertainty, the Bill should be allowed to pass through in order to end the uncertainty.

No one denies that parts of the shipbuilding industry are facing a grave shortage of work or that the Government must have a say in what may become a far more serious social and employment problem than any the near-demise of Chrysler U.K. But what has nationalisation, sweeping up the profitable specialists as well as the lame ducks, got to do with it? By all means let us have a national shipbuilding policy, so that the inevitable con-

traction can be carried out in an orderly manner, and the competitive, productive parts of the industry preserved as far as possible. This will need Government assistance, but not public ownership. One is reminded of the case for steel nationalisation that was put forward in the mid-sixties. The arguments for rationalisation were far stronger than in shipbuilding, because there were technological changes going on in steel which imposed a need for larger companies, especially in flat products. But it would have been perfectly possible as indeed was proposed at that time, to have carried through the necessary re-grouping of the steel companies—including a Government shareholding if required—without the interference from Whitehall. The subsequent performance of the BSC—the switches in organisation, the inability to supply, the worsening labour relations, the interference from Whitehall—must surely be a warning against driving another industry down the same road.

The two big aircraft companies, Hawker Siddeley Aviation and BAC, are going to have to look lively to get a reasonable share of whatever new civilian aircraft projects are available over the next few years: some tricky bargaining lies ahead. Is the upheaval of nationalisation going to make it easier? Can there be any confidence that Mr. Kaufman and Lord Beswick will negotiate the best possible terms with Boeing, McDonnell Douglas and the rest?

Ludicrous

Those MPs who may think that they are courageously serving the national interest by exercising ship-repairing from the Bill are getting away with it too easily. The inclusion of ship-repairing is so ludicrous that no further words on the matter are required, but what really gives our Parliamentary system a bad name is the sight of MPs pushing through a Bill to nationalise two major industries on grounds which most of them know to be specious. Already the nationalised sector of the economy, as the forthcoming NEDO report will show, presents the Government with acute management, organisational, and financial problems. Does it make sense to add to it?

RACING

Sweet Joe in fine heart

SWEET JOE, a 40-1 chance for with his best performance coming here on his penultimate day, is the favourite for the Champion Hurdle at Cheltenham in four months' time, having already shown himself to be in fine heart this season with a respectable second place effort behind the considerably better Grand Canyon in Newbury's Bagnor Hurdle, and few will oppose him at Cheltenham this afternoon where he contests the Olympic Hurdle.

Here, Mr. Milton Rittenberg, the high-class front runner, has only two rivals of consequence to deal with, Charlton and Spare Slipper. Sweet Joe, a particularly tough and consistent sort who put up one of his two displays in a very profitable first season when beaten by both Tipolingo and Havanus in the Final Junior Hurdle on this track, is certain to have come on as a result of that Newbury outing of last week, and a clear victory seems possible.

Charlton is just preferred to Spare Slipper who meets Sweet Joe on identical terms for a two-lengths beating in the Bagnor Hurdle, but the former is a better horse, and Ron Barry, who completed a notable double at Wincanton yesterday when three miles and 100 yards test, Stronolus followed up Zeta's may follow Cumbria home.

SALEROOM

New colour test for diamond

THERE was consternation at yesterday's big autumn jewellery sale, organised by Christie's in Geneva, when the star item, a canary yellow rectangular diamond of 38.87 carats, was withdrawn just before the auction because of doubts as to whether the colouring was natural. The diamond had been expected to sell for Sw.Frs.2m. (about £500,000).

Experts at research laboratories in Switzerland and Holland had judged it genuine but had been unable to agree on the colouring. Mr. Gubelin, a Lucerne gemologist, thought the colouring artificial, a view supported by a French expert. The stone has been withdrawn for yet more tests. The Provincial salerooms tend to get overlooked because they do not hold the very big auctions; but occasionally they demand more attention. Yesterday Lawrence and Son at Cirencester, Somerset, held a brilliant sale of the most exciting painting sale in the history, culminating in a picture of a snowstorm by the Canadian artist Cornelius Krieghoff selling to the dealer Williams for £26,500, almost certainly an auction record for the artist. Lawrence sold four Krieghoffs for a total of £57,000. The picture, which has a long and interesting history, was brought in on the off-chance by the vendor, who had inherited them. For about 65 years they had hung on the walls in a Somerset cottage and had almost certainly been bought in

BY DOMINIC WIGAN

FT CONFERENCE ON INSURANCE

Computers can play cost-saving role

BY ERIC SHORT

THE INSURANCE industry has growing influence of trade unions, plenty of scope to combine and rationalise its operations, and methods and thus saving or cutting costs, Mr. Ernest Bigland, vice-chairman and managing director of Guardian "Legal Exchange Assurance, said yesterday at the second day of the FT world insurance conference in London.

Rationalisation would rely very much on the continued use of computers and computer techniques. Potential areas for this included visual displays in offices providing instant quotations and policy ratings, the production of standard letters and more routine clerical work done by computers.

Expansion

One aim of computerisation had been to reduce the amount of manual work, but in general new methods introduced over the past decade had not resulted in many redundancies because they had been introduced at a time of rapid expansion in business. But the more rationalisation there was the more important it became to select staff appropriate to the work and to ensure that they derived satisfaction from that work.

Turning to Government activities, Mr. Bigland warned that the limit had been reached in the additional administrative burden imposed on the insurance industry by recent massive legislation. The past years had seen an unprecedented volume of insurance legislation and the industry could take credit that, by rationalising its methods, it had contained within tolerable limits the inevitable cost increases from this burden. Insurance company management needed to change its attitude both in its approach to business and towards the public at large. Mr. Dieter Wendelstein, chairman of the Board of Management of Colonia Versicherung, the insurance industry was undergoing a process of rapid change and was confronted with a great many challenges. There was increasingly severe competition, while technological progress was bringing in its wake a greater number of very large risks where insurance could not be placed on the international market. Uncontrolled inflation, more the insurance industry was de-

ducing the cost of insurance, and the need to buy necessary protection for him and not let him unnecessary insurance. The broker had to show himself to be a responsible intermediary and must, when appropriate, represent and explain the inextricable vagaries of the insurance market to the buyer. The role itself did not change, but brokers had to acquire new skills and attributes to meet the insurance demands of a changing world. More advanced technical, legal and financial abilities were just some of these skills. The broker must be able to cope with new risks and provide a wider service geographically. Recent proposals from the British Insurance Brokers Council for the self-regulation of brokers in the U.K. represented the sound and sensible way of controlling an industry that had prospered for two centuries without the dead hand of Government intervention.

FINANCIAL TIMES World Insurance CONFERENCE

Concern

Mr. Gerald Barrow, a partner in R. Watson and Sons, referred to growing Government intervention worldwide in the normal processes of commerce and industry. The insurance industry was an exception, and in the U.K. concern over the operations of certain proprietary companies had led to the Insurance Companies Act, 1974, which gave the Government very wide powers over the conduct of insurance business. The biggest problem was to define the public interest. Thus, if in a newly independent country with only a small local insurance industry, domestic companies were encouraged at the expense of well-established overseas insurers, the premiums would be retained in the economy, but policyholders would not receive a better service as a result. Mr. M. Bittner, of Böhler, discussed the factors influencing the growth of the personal savings market in Western Europe. This growth was related to the savings capacity of the population—that is, the amount of surplus cash after meeting all other expenses. It was his willingness to save, social conditions required for the industry's continued effective operation. There should be a plain man's guide to the economy which would show how policyholders' legitimate expectations could be shared by the insurance industry. Safety and security were regarded as important factors and people would make use of liquid savings media such as Government regulation and the need by Mr. David Palmer, bank deposits.

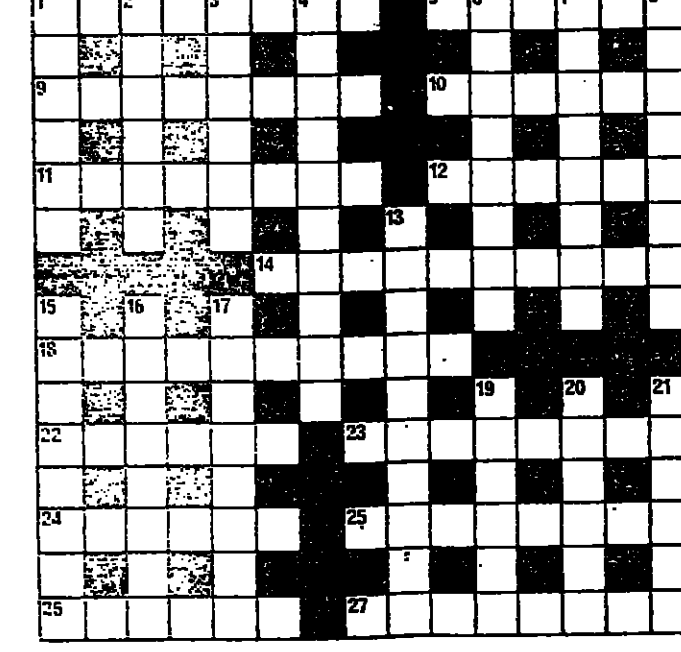
Essential

Planners had to be able to respond to changes which occurred in a rapidly moving environment. It was essential for them to communicate what they were doing both inside and outside the organisation. Supporters of the mixed economy in every Western country were not as vociferous or as eager as they could and should be. What was required, and what the insurance industry ought to do, was a long-term educational campaign to provide a more informed appreciation of the basic economic, financial and social conditions required for the industry's continued effective operation. There should be a plain man's guide to the economy which would show how policyholders' legitimate expectations could be shared by the insurance industry. Safety and security were regarded as important factors and people would make use of liquid savings media such as Government regulation and the need by Mr. David Palmer, bank deposits.

BBC 1

9.50 a.m. For Schools. Colleges. 10.45 You and Me. 11.05 For Schools. Colleges. 12.45 News. 1.00 Pebble Mill and Dig This. 1.45 Teddy Edwards. 1.50 Ring-a-Ding. 2.00 For Schools. Colleges. 2.20 Tennis: Great Britain v. USA (Wimbledon Cup). 3.30 Regional News (except London). 3.55 Play School. 4.20 It's the Wolf. 4.45 Jacksons. 4.45 Emu's Broadcasting Company (BBC 1). 5.10 The Discoverers.

F.T. CROSSWORD PUZZLE No. 3,233



- ACROSS
- A collection not to be missed by the writer (4, 4)
  - Friends of enlightenment (6)
  - Defunct is excellent on a sort of nature (8)
  - Reverend finds us in the morning (6)
  - John Bull has connection overseas (5, 3)
  - It is good, that is for a native (6, 4)
  - "I am never merry when I hear" (MOA) (5, 5)
  - Sail from town turned into ocean (10)
  - Shall without opposition (5, 3)
  - It may give you a shock—it may be fatal (8)
  - No rest for this Trojan hero (6)
  - One who is punctilious gets a touch in the Southern Railways (5)
  - Tom and pop mixed in Essex (6)
  - Look at Socialism in command (4, 4)
- DOWN
- Literature and music can be combined in a test paper (6)
  - Change over the electricity controller (6)
  - Look round very quietly for the missing (4)
  - What makes a fragrant tree?

All Regions as BBC 1 except at the following times: Wales—1.45-2.00 p.m. Phil Pala. 5.55 Wales Today. 7.00 Heddie. 7.20 Holmes and Yo-yo. 7.45 Her Noddy. 8.15-9.00 Ken Dodd's World of Laughter. 9.25 When The Boat Comes In. 10.15-10.45 Ken Dodd's World of Laughter. 10.45-11.00 News. 11.15-11.30 The Friday Film: "Love Has Many Faces" starring Lana Turner.

BBC 2

11.00 a.m. Play School. 1.00 p.m. News on 2 Headlines. 7.05 Indoors Outdoors. 7.20 Newsday. 7.45 One Man And His Dog. 8.10 The Monday Programme. 9.00 Rutland Weekend Television. 9.30 Harry. 10.10 The Expert. 11.00 Late News on 2. 11.10 Open Door. 11.40-11.45 Closedown. Peter Jeffrey reads "My Last Duchess" by Robert Browning.

LONDON

9.30 a.m. Schools Programmes. 12.00 A Handful of Songs. 12.10 p.m. Rainbow. 12.30 Battle of the Comics. 1.00 News. 1.20

RADIO 1

6.30 a.m. Simon Bates. 7.00 Noel Edmonds. 9.00 Simon Bates. 12.00 Edmonds. 12.30 Noel Edmonds. 1.00 Noel Edmonds. 1.30 Noel Edmonds. 2.00 Noel Edmonds. 2.30 Noel Edmonds. 3.00 Noel Edmonds. 3.30 Noel Edmonds. 4.00 Noel Edmonds. 4.30 Noel Edmonds. 5.00 Noel Edmonds. 5.30 Noel Edmonds. 6.00 Noel Edmonds. 6.30 Noel Edmonds. 7.00 Noel Edmonds. 7.30 Noel Edmonds. 8.00 Noel Edmonds. 8.30 Noel Edmonds. 9.00 Noel Edmonds. 9.30 Noel Edmonds. 10.00 Noel Edmonds. 10.30 Noel Edmonds. 11.00 Noel Edmonds. 11.30 Noel Edmonds. 12.00 Noel Edmonds. 12.30 Noel Edmonds. 1.00 Noel Edmonds. 1.30 Noel Edmonds. 2.00 Noel Edmonds. 2.30 Noel Edmonds. 3.00 Noel Edmonds. 3.30 Noel Edmonds. 4.00 Noel Edmonds. 4.30 Noel Edmonds. 5.00 Noel Edmonds. 5.30 Noel Edmonds. 6.00 Noel Edmonds. 6.30 Noel Edmonds. 7.00 Noel Edmonds. 7.30 Noel Edmonds. 8.00 Noel Edmonds. 8.30 Noel Edmonds. 9.00 Noel Edmonds. 9.30 Noel Edmonds. 10.00 Noel Edmonds. 10.30 Noel Edmonds. 11.00 Noel Edmonds. 11.30 Noel Edmonds. 12.00 Noel Edmonds. 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## Evita

by ANTONY THORNCROFT

*Evita*, the musical drama on the life and death of Eva Peron, the Argentine dictator's wife, opened in London this week. Since it is the creation of Tim Rice and Andrew Lloyd Webber, who are still counting the cash flowing in from their last collaboration, *Jesus Christ Superstar*, you might have expected more kullabalo, about the premiere.

But *Evita* is still only a record, and although some of the audience at the New London Theatre on Tuesday night had rather dressed up, there is undoubtedly something missing when the visual accompaniment to the music is just coloured slides of Buenos Aires and black and white film of Argentine politicians of the immediate post-war period.

Although it is true that *Superstar* also started life as a record, *Evita* is causing problems for its would-be backers. On the one hand there is the commercial success of Rice and Lloyd Webber's previous ventures — *Joseph and his Amazing Technicolour Dreamcoat*, which began as a brief school concert piece, will probably have a longer performing life even than *Superstar*: on the other there are the doubts about *Evita*. Lots and lots of producers attended the listening: the telephone has yet to ring making an offer.

It is easy to see why they are hesitating. Musically *Evita* is not only composer Lloyd Webber's most ambitious work but also by far his best. But not only does Eva Peron lack the broad popular appeal of the previous subject, the Argentine, Nazareth, the actual story line lacks drama. The plot, young Eva, acting out the songs with her popularity only to be robbed of success by death from cancer at the age of 33, has possibilities, but in *Evita* it is played very straight and quite without character development and incident.

Just as Tim Rice took the easy ambivalent attitude to *Jesus Christ Superstar*, not committing himself for or against Divinity, there is a similar attempt at covering all angles with Eva Peron, who is portrayed sometimes as an actress on the make, sometimes as a genuine supporter of the downtrodden, and sometimes as a poor. Perhaps the idea is that she never sorted out her own feelings, but it would have been nice to know whether Eva was villain or victim.

Even worse there is no drama in the work. Tim Rice seems

to realise this, and introduces the life and death of Eva Peron, Che as a kind of anti-pick-up rator. Here, again, it is a character drawn from *Superstar*, where Judas plays the voice of the people role, (indeed the same singer, C. T. Wilkinson, is used in *Evita*). But Che has little to do except sing the praises of an insouciant he has developed; there is the suggestion that his commercial failure was a trigger which sent him to Cuba and a better appreciation of his talents. This is all a rather unsuccessful attempt to inject conflict into a pedestrian story.

Finally Rice relies on blank verse in *Evita* while his real talents are in devising out-rageously rhymes, the joy of Joseph. Yet *Evita* is a very attractive musical piece as a collection of songs. Lloyd Webber has exploited the possibilities to the full, and thrown in every musical style from Calypso, to dramatic Latin ballad, to rock, to samba rhythms, to gentle love songs.

He has a superb ear for a pop melody and it is hard to predict which of the *Evita* songs will be the hit single — will it be the hit single in another ballad, the lament of Peron's 16-year-old mistress "unemployed" by Eva; or "I'd be surprisingly good for you." Eva's seduction song for Peron, "I would like to think it might be the emotional and addictive." Don't cry for me Argentina, but I can't imagine Tony Blackburn handling it on Top of the Pops.

The other great asset of *Evita* is the singing and the range of the songs. The album set, Julie Covington is marvellous as Julia, acting out the songs with feeling; Tony Christie seizes his chances as Magaldi, Eva's first lover; and although Paul Jones is a rather reedy Peron in a role in which he was one, he does all right.

And if Tim Rice, who had the original idea, found it an impossible challenge of his skills as a librettist, his lyrics for the songs are faultless, although I don't quite know whether a line like "I could find job satisfaction in Paraguay" is meant to be straight or not.

It seems inevitable that *Evita* will eventually get a Broadway or West End production, and a chorus of trade unionists and broadcasters at least makes a change from townships and Ruritanian officer cadets. I do not know whether I would back *Evita* with a £100,000 or more, but a modest investment in the album, out next week, is a good buy.

### Radio 3

## Hartmann's Sixth

The Sixth Symphony of Karl Amadeus Hartmann (1905-63), a leading figure among post-war German composers, occupies the first half of Wednesday's BBC Symphony Orchestra concert, broadcast live from the Festival Hall. It was a worthwhile gesture to the memory of a composer much admired during his lifetime (not least for his "farewell" symphony, the last of his personal moral courage), but whose eight symphonies have failed to establish for themselves a place in the international repertoire since his death. The Sixth (1953), a highly characteristic work, is in two movements of ample scoring, wide scope, and broad style — broad enough to hold within its bounds the soaring post-Mahlerian lyricism of its first movement, and the extensive, not to say exhaustive, contrapuntal activities (closely reminiscent at times of the *Music for Strings, Percussion and Celesta* by Bartok) of the second movement.

Energy, upped from without by means of the massively vivid strokes of scoring, is the keynote of the symphony. In the opening Adagio, the development of an English horn melody elaborated (as are its accompaniment) in the first movement, and the most striking feature, however, is the third movement, a phrase perfectly balanced between subtlety, scintillating wit, and balmy beauty of tone. In the earlier two movements, there was unequal match between the music and the slightly stodgy accompaniment.

MAX LOFFERT

### Purcell Room

## Amsterdam Quartet

Recitals presented by the Netherlands Embassy are usually pleasant occasions, the programmes draw in part from the intriguing byways of Dutch music, and among the musicians one may find a future Elly Ameling or Frans Brüggen. Wednesday's Embassy concert was, however, disappointing. The Amsterdam String Quartet, who have made a good impression on previous visits, sounded tired or strained. Their playing rarely fell below an even level of competence, but neither did they achieve the lively exchange of a true quartet style. At odd moments the tone had a certain coarseness, and there were patches of wobbly intonation, particularly in the cello line. Yet the most damaging failure was one of enthusiasm. Perhaps under other circumstances the String Quartet of Matthijs Vermeulen would have sounded a less dreary piece, but I doubt it. The work was written for the Amsterdam Quartet in 1960-61, when the composer was in his early 70s, and it proved to be one of his last big compositions. For many years he had composed in neglect and earned his living as a music critic of determined anti-Schoenbergian views. Nevertheless, in the Quartet he used writing some strenuous contrapuntal passages that sound a bit like Schoenberg. One may also be reminded of Berg, though

the piece has none of his effusive lyricism, and at times of Bartok in the music's quintuple metres. The most striking feature, however, is that there is no striking feature. The work proceeds continuously through its three movements, taking half an hour and leaving little trace.

There was another string quartet on the programme, Beethoven's op. 95 no. 1, but by far the most enjoyable part of the evening was that in which the oboist Han de Vries joined the strings. His performances had all the zest and perfection one missed in the playing of the quartet, and to some extent he stirred them to better efforts. In Mozart's Oboe Quartet he displayed a beautiful tone, almost clarinet-like in its lack of harshness and insistence. Phrases were teased out with elegant grace, and he showed a delightful feeling for the musical bow motif.

Appropriately he adopted a simpler, less knowing manner for the Divertimento for oboe and string quartet by Bernhard Crusell, the Scandinavian early Romantic clarinetist and composer. This ten-minute piece is hardly an utterance of any profundity, but it contained enough frolics for De Vries to show off his athletic flair and enough attractive, tuneful moments for him to play with seemingly carefree ease.

PAUL GRIFFITHS

### Cinema

## Alias Sarah Bernhardt

by NIGEL ANDREWS



Douglas Wilmer, Glenda Jackson, Daniel Massey

**The Incredible Sarah (A) Empire**  
**The Bad News Bears (A) Plaza 1**  
**Survive! (X) ABC Shaftesbury Avenue**

For the fact that Sarah Bernhardt's life has been rescued from the attentions of Ken Russell, we should perhaps be grateful; but not for much else.

This Reader's Digest Presentation of the actress's life, which has gone through several name changes to end up with the final, and all too apposite, title *The Incredible Sarah*. Truth is used in taking a knock from the cinema; but seldom has the puritan of artistic distortion been so obscure. Bernhardt's own life was sufficiently eventful, one would have thought, to have pleased any sensation-hungry film producer; but by restricting his brief to the actress's "early and tempestuous career" (the Wolf's script derives us of her male-impersonation Hamlet, her stranger-than-fiction last years as a one-legged actress, an accident having caused her leg to be amputated in 1915 (Russell's eyes would surely have glinted at the possibilities there), and other such headline material, in order to twist a rather shapeless early life into one of those shining movie essays on the triumph of genius over vicissitude.

So we watch Sarah grow from nervous auditionee to temperamental ingenue to dedicated actress: Glenda Jackson's performance is a tour de force, rather than cajoling what little life there is from the screenplay, while her supporting cast walk on and off the screen in a ceaseless, solemn traffic of figures from history. There is Peter Sullivan as the director of the *Comedie Francaise*, Douglas Wilmer as his stern counterpart at the Paris Odeon, Daniel Massey as playwright Victorien Sardou (playing an oddly exact reverse of the asexual friendliness of his Noel Coward provided for Julie Andrews/Gertrude Lawrence in *Star*), Simon Williams as a lovelorn Belgian

Duke, John Castle as the seedily handsome leading man Bernhardt marries. There is even Yvonne Mitchell as a black-garbed lady companion whose sole function appears to be to rush in with bad news whenever the plot is about to take a lurch for the worse. "War! War has been declared!" "There's a howling mob outside the theatre!"

The film's corner-cutting way with history is prodigious. Returning from her first British tour to a campaign of muck-raking in the French Press, the unpopular and unemployed Bernhardt was forced, in 1883, to open her own theatre. For her opening night performance, in which her heroine defies a raging gale, lery and a salvo of cabbages and tomatoes, the film chooses *Joan of Arc*, a play that was not in fact produced until 1890. One would not use history as a stick to beat the film if the reasons

**The Entertainment Guide is on Page 10**

for the film's distortions — in this case the heavy hints of martyrdom in Bernhardt's own career at the time — were not so ponderously, stammerously banal.

Director Richard Fleischer jerks the film along from one tragicomic scene to another, Bernhardt walking out on the *Comedie Francaise*, Bernhardt attempting suicide (from a basement window) after her disastrous debut at the Odeon, Bernhardt with a raging fever giving a show-must-go performance as *Rene's Fédre*, while the intervening scenes are left to fill in the gaps or to spell out, in words of not more than two syllables, the characters' motives. "All the love you need is sleeping with his old mate Larry so he can be in time for his important interview next morning. Larry is anything but square; he is a hustler and proud of it. He spends the night quarrelling with his incumbent girlfriend, Cindy, and consequently Alan oversteps and loses his new job. He also loses his new suit, which Larry 'borrows' to make himself more acceptable on a visit to Cindy's parents.

The play has about the social weight of a comic strip; the characters are clearly and accurately outlined in bold strokes with no shading. Written about the upper middle class, with the dialogue witty and allusive instead of demotic and flat, it would have been a better play but no one would have looked at it; so much the worse.

As it is, the lack of character exploration beyond a certain shallow depth deprives it of any salacious for a human removal service squeezes a cheque for £120,000 out of an unconvincedly successful publisher in exchange for ridding him of a bitch of a wife. Mr. Huggett plays the salesman, eccentrically attired in odd cuffs, odd socks and a filthy white bow tie. Also, I hasten to add, a pin-striped suit. Barry McGuinn (currently in *No Sex Please at the Strand*) as

### London theatre

## Lunchtime fare

In the week of Austrian playwright Thomas Bernhard's British debut at the National, it is refreshing to be reminded by the Birmingham Arts Lab group visiting the ICA of the short play virtuosity of his better known compatriot Peter Handke. Both *Cries for Help* and *Self-Accusation* are examples of the *Sprechstucke* genre which Handke employs so successfully to incorporate both political conscience and social observation. The first plays for about 15 minutes and is a brilliant litany of phrases to say "No" to. No theatre, in fact, finally results in "No" being said to silence. Public exhortation, requests, domestic demands — all meld in a rich conglomerate of reverberative instruction. The piece can be played by any number of actors, for seven, and is not always audible and rarely humorous.

*Self-Accusation* is a better-known piece for two actors with microphones and loudspeakers, although Christine Peacock and Nick Jeune make use only of the former. Again, the format is accumulatively expressionistic, each voice belonging to the other and tracing a process of birth, growth, social integration, self-discovery and disillusion. If that sounds vague, I can only emphasise that every sentence, every word is specific and reverberative.

M.C.

Best to say little about Richard Huggett's awful *Turtle Island* at the Nag's Head, in which a pusky salesman for a human removal service squeezes a cheque for £120,000 out of an unconvincedly successful publisher in exchange for ridding him of a bitch of a wife. Mr. Huggett plays the salesman, eccentrically attired in odd cuffs, odd socks and a filthy white bow tie. Also, I hasten to add, a pin-striped suit. Barry McGuinn (currently in *No Sex Please at the Strand*) as

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### Theatre Royal, Glasgow

## The Magic Flute

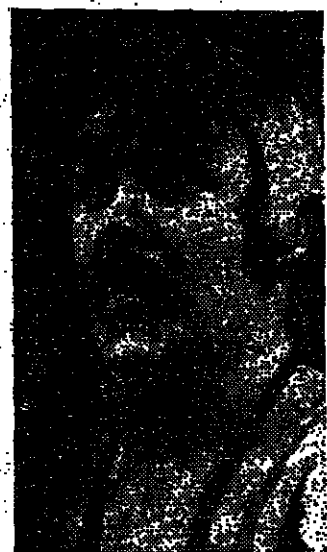
by ELIZABETH FORBES

Is *The Magic Flute* a children's frock-coat and gold-framed pantomime, a Masonic treatise, a spectacle, is played with total bit of reactionary propaganda seriousness and engagement, and against secondhand, Dickensian such stuff, with irresistible romantic as women and blarney — or is it a far more Yvonne Kenny, a high sublime celebration of the power of spirit? Pamina, a deceptively of love? Mozart's opera, of fragile in appearance but steady, course, contains elements of all fast in love and adversity, these. The main strength of David Pountney's production — for heart-tugging pathos. As for Scottish Opera, it is in its acceptance of Mozart, he is particularly well aware of the many-sided aspects of represented by Gary Bertini who the work. Eagerly embracing the conductor, the Scottish Phil-bewildering variety of ideas — harmonies in a finely-balanced frequently self-contradictory — account of the score that, with-throw up by the text, he adds a out heaviness of over-emphasis, good few of his own, and out of supplies the counterweight to the resulting mixture distils a Mr. Pountney's apparent most effective piece of theatre.

On the surface, it is the panto-mime element that is uppermost. David Fielding's economical set and Maria Bjornson's vivid costumes reinforce this impression. The monster in the first scene has elegant black legs that turn into the three Ladies, attired in 18th-century widow's weeds. Pamina is a circus clown in white-face, while Monostatos is a minstrel in black-face; the Queen of Night in her first entrance bursts through a paper hoop; the animals summoned by the flute are toy theatre cut-outs, pushed on by slaves; the human caravides forming the temple gates dance like the slaves to Papageno's bells; Papageno emerges from a Poutermouth, a clown, while Papageno gets his glass of wine from an adorable wooden steam engine.

More radical and thought-provoking than these amusing and mostly appropriate fantasies is Mr. Pountney's treatment of the priests and the three Boys. The priests, clad informally in rather hideous padded orange track suits, exude goodwill and friendliness, all conventional reverence banished. The Boys, no pale spirits, but lively mischievous uncles, take a hand in the action, help with the scene changes and form the trunk of the tree from which Papageno tries to hang himself. Sarastro, genially presented as a benevolent father figure by William McCue, even forgives the Queen of Night for her subterranean attack on his temple, though her Ladies carry rifles, bayonets fixed, and Monostatos holds a nasty-looking hand grenade.

But where, you may ask, does the sublime celebration of the power of love, of light? It enters with two characters not so far mentioned — Tamino and Pamina — and with Mozart. Robert Tear's Tamino, a student prince from Old Heidelberg in



Gordon Sandison

### Malevich replaces Chinese at the ICA

The ICA Arts Centre announces that the proposed Chinese exhibition *Pensant Paintings from Hu County, Shensi Province*, together with the lectures, discussions and films have been cancelled. This season will be replaced by the first British showing of the exhibition of Malevich's Graphic Work 1913-30 which has been organised by the Israel Museum, Jerusalem, and will run from November 18 until January 9, 1979. This offers the British public its first opportunity to view a collection of graphic works of the Russian artist Kasimir Malevich — extremely rare prints, mainly lithographs, all relatively small in size. Lithographs by Goncharova, Rozanova, Kulbin and Filinov which accompanied Malevich's printed images in the publications of 1913-14 are included in the exhibition.

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## EUROPEAN NEWS

## W. German nuclear programme set back by popular resistance

BY NICHOLAS COLCHESTER

NO LESS than three West German Government Ministers today visited Herr Ernst Albrecht, the Christian Democrat Prime Minister of Lower Saxony, to stiffen his resolve to support the building of Germany's first full-scale atomic fuel reprocessing and disposal plant in his state. Afterwards, Herr Albrecht received leaders of the citizens' action groups that are opposing the project.

The meeting highlights the fact that the battle over atomic power has become an important political issue in West Germany. Resistance to the construction of new atomic plants has developed from a few local oppositionists into a force that politicians are fearful of tangling with. The opposition in Bonn is already claiming that Govern-

ment Ministers are equivocating by planning the growth of nuclear energy and then fearing to throw their weight behind specific projects.

The latest opinion polls suggest that 20 per cent. of the whole population is now worried about the promotion of nuclear energy. It was partly because of this growing concern that the Interior Minister, Werner Maihofer, announced earlier this year that no new permits for the construction of atomic power stations would be issued until firm plans existed for the facilities that will deal with spent nuclear fuel. It is this that made today's meeting in Hanover critical to the future of nuclear energy in Germany.

Already a combination of civic protest and the economic recession has trimmed the ambitious goals which the Government set itself in the wake of the oil crisis. In 1974 it was planned that there would be between 45,000 and 50,000 megawatts of nuclear electrical capacity in Germany by 1985. The Government now concedes that between 35,000 and 40,000 is the most that can be hoped for. Currently there are 6,400 megawatts of nuclear capacity in operation, some 12,000 more in construction, and a further 9,000 planned. Local protest and continuously multiplying safety provisions are taking their toll here and the Economics Ministry knows that the planned output of 20,000 MW by 1980 will not be reached.

Germany's attention is currently focused on two centres of nuclear protest. At Brokdorf, the fourth town on the lower reaches of the Elbe river to be singled out for a nuclear power station, an approximation to the East German frontier has been erected around the 35-acre site for the plant. Across this barrier frightening clashes between protesters and police have taken place in the last two weeks.

The second battleground is Lower Saxony where anybody seen lurking with drill or sawn timber is likely to be driven away by the local inhabitants. Lower Saxony sits on vast strata of salt and it is somewhere in this salt that the Government hopes to bury the nuclear waste from its expanding network of power stations.

BONN, Nov. 11.

## EEC seeks closer Yugoslavia relations

By Guy de Jonquieres

BRUSSELS, Nov. 11.

THE EUROPEAN Community is warring with an awkward dilemma over how to respond to demands by Yugoslavia for a stronger relationship with the Nine which would underline its commitment to continuing independence from the Soviet Union and the rest of Eastern Europe.

But while there is general willingness in Brussels and among member Governments to make a positive gesture of support towards Yugoslavia at a time of growing uncertainty over how much longer Marshal Tito will remain in office, the Community is at present perplexed over what it can offer in concrete terms.

The question had been discussed at some length by officials in Brussels in recent days and is expected to be brought up again at next week's EEC Foreign Ministers Council meeting, at which the Foreign Secretary, Mr. Anthony Crosland, is likely to be interrogated on the impressions he formed during his recent official visit to Yugoslavia.

The problem, as officials in Brussels see it, is that the Community possesses few instruments suitable for meeting Yugoslavia's needs.

It is generally agreed that any strengthening of relations must be based on the EEC's existing non-preferential trade agreement with Yugoslavia. But the scope of expanding the provisions of this agreement appear limited.

Some agreement about what an external link which would call into question its policy of non-alignment.

## Ertl fears consequences of sterling fall

COLOGNE, Nov. 11.

THE EEC Common Agricultural Policy (CAP) could be in serious danger if sterling and the lira fall to recover, the West German Agriculture Minister, Herr Josef Ertl said in a broadcast here today.

He expressed serious concern about the effect of the decline of the two currencies on the Community's joint farm fund.

Ertl also said he would use the next round of farm-price negotiations to secure an increase in farmers' incomes, equivalent to that in other trades and industries. He expected to have the support of all members of the Community in this.

As the Community had not been able to bring the milk market into balance, Herr Ertl said there was no alternative to imposing a levy on surplus production.

## Danish deficit increases

By Hilary Barnes

COPENHAGEN, Nov. 11.

DENMARK'S CURRENT balance of payments deficit for the first nine months of the year came to Kr.9.8bn. (more than £1bn.), according to estimates by the central bank. These figures are made on a current transactions basis and probably exaggerate the deficit as calculated on the basis of the actual movement of goods and services between Denmark and other countries.

On the transactions basis, the third quarter deficit of Kr.2.9bn. was inflated by business bringing forward import payments and delaying exports.

The current deficit figure as calculated by the bureau of statistics will be published shortly and is expected to show a deficit for the year so far of about Kr.8.5bn.

This is a sharp rise compared with last year, when the deficit for the whole of the year was only Kr.4.8bn. The previous record deficit was Kr.5.7bn. in 1974. In the spring the Economy Ministry forecast a deficit this year of Kr.6 or 7bn. It now seems probable that it will be at least Kr.10bn. or about 4 per cent. of the national product.

## Fiat renews co-operation with USSR

MOSCOW, Nov. 11.

FIAT PRESIDENT, Sig. Giovanni Agnelli, has renewed for another five years a co-operation agreement with the Soviet Government. The agreement is of the framework type which does not mention specific projects, but the sources said that in earlier talks, Sig. Agnelli and Deputy President of the Soviet Committee for Science and Technology, Mr. Dzhernan Cukhman, discussed prospects for future collaboration.

Possibilities included development of the Togliatti factory in the USSR, built under an earlier agreement to bring car models up to date and cooperation in the production of new types of diesel engines for earth-moving machines and lorries, the sources said.

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## Cunhal expects larger vote

BY OUR OWN CORRESPONDENT

LISBON, Nov. 11.

PORTUGAL'S pro-Soviet Communist Party began a four-day national congress today by calling on the minority Socialist Government to abandon "capitalist recuperation" in favour of an alliance of the Left. "We shall continue to fight against anti-Soviet policies," said party Secretary General, Dr. Alvarez Cunhal, in his address to some 1,500 Portuguese Communists and foreign delegates, including the Kremlin's top official liaison with Western parties, Mr. Boris Ponomarev.

Cunhal expressed "full confidence" that his party would rebound in next month's local elections from its 7.5 per cent. of the vote in presidential elections in June, claiming that Socialist Premier, Sr. Mario Soares's recent analysis

measures to rescue the economy had "alienated the workers." He said the strong showing he expects in the local elections would "leave us in a better position to defend democracy and press for a substitution of the present Government" which has "scandalised the Communists."

"The only hope for the revolution is an alliance of Socialists, Communists and other progressives," he said.

Touching on a issue that has openly split the Socialists, and led to last week's resignation of Agriculture Minister, Sr. Antonio Lopes Cardoso, Dr. Cunhal warned Sr. Soares against rolling back a land reform which has resulted in the expropriation of some 100,000 hectares (2.5m. acres) during the past two years.

Sr. Soares has consistently refused overtures from both the Communists, who he condemns for "anti-democratic" links with an abortive coup last November, and from parties of the Centre. He claims that an alliance with the Communists would give the sole party of the workers within a few years, they would be as strong as the Italian Communists.

If the Communists are not let back into Government, Dr. Cunhal made it clear they will "continue to organise the workers." He stressed "positive experiments" in worker control and collectivisation, but reiterated the Party's belief that a strike, demonstrations and factory shut-downs are also legitimate weapons, if the policies of capitalist recuperation continue.

## PORTUGAL'S ARMED FORCES

## The watchdog in search of a political role

BY PAUL ELLMAN, IN LISBON

ALMOST UNNOTICED amid the spectacle of Portugal's ruling Socialist Party tearing itself apart last week was a sudden re-opening of the debate over what role, if any, the country's armed forces should play in Portuguese politics.

Perhaps unsurprisingly, the first shot was fired by Major Melo Antunes, Foreign Minister in the last provisional government and the intellectual mentor of the "Group of Nine" officers who engineered the overthrow of the Communist-dominated Cabinet headed by General Vasco Gonçalves in September last year.

Major Antunes has never disguised his belief that the armed forces which overthrew the right-wing dictatorship 20 years ago should keep at least one hand on the helm to ensure that the Portuguese revolution continues on a leftward course.

The major is now Chairman of the Constitutional Commission, one of a host of bodies set up under Portugal's extraordinary democratic constitution and which has the job of advising the military's Revolutionary Council as to what attitudes it should adopt towards laws passed by the civilian National Assembly.

Seizing the opportunity presented by his swearing-in, Major Antunes urged the Revolutionary Council to move away from its watchdog role and begin "recommending to the legislature measures needed for carrying out the basic law of the land."

## Destroy

"We cannot be neutral when many are clearly attempting, secretly or in the open, to destroy democracy and liberties, to nullify economic and social change and when fascist reactionaries continue to provoke terrorist violence in various forms," he declared.

The major's remarks drew a swift response from General Jose Morais da Silva, the Air Force Chief of Staff, who alleged he was "clearly trying to revive vanguardism in the Revolutionary Council."

General Silva is a leading spokesman for the so-called operational group of officers, who achieved prominence with the crushing of the left-wing military uprising on November 25 last year and have subsequently pressed for a return to barracks by the Portuguese armed forces.

The President, General Antonio Ramalho Eanes, was at one time thought to epitomise the "operational" viewpoint but his silence during the latest controversy has raised doubts as to whether this is still the case.

In many ways, General Eanes campaigned for the presidency in June under the slogan "Many make promises, Eanes delivers," remains an unknown political quantity.

His few forays out of the pink-washed presidential palace at Belem, the outskirts of Lisbon, have revealed little apart from a basic anti-Communism, normally expressed through warnings that the President will not tolerate "states within the state."

One major reason for this is that the very nature of the present Portuguese political conjuncture obliges him to devote more energy to acting as a chief of staff than as Head of State.

Despite a series of shake-ups on the Revolutionary Council, President Eanes, who serves as its chairman, still has no guaranteed majority among its members.

Accordingly, he still needs the votes of members associated with Major Antunes, a situation which infuriates "operational" who have been urging

him to expand the Council's membership in order to secure himself a majority.

In the meantime, the President's personal group of advisers is understood to have become heavily influenced by officers associated with the Antunes line.

A clue to the power they now exercise was provided in the reaction to the Antunes speech from General Vasco Lourenco, the Lisbon Military Governor, who is commonly regarded as the most reliable indicator of which way the politico-military wind is blowing.

When asked to comment on Major Antunes' call for a more active role for the armed forces, General Lourenco replied simply: "I like it."

Not so long ago General Lourenco, presumably speaking for General Eanes, was issuing incessant warnings, in well-publicised speeches to army units, against the military becoming involved in politics.

His latest posture illustrates just how swiftly the political

situation has begun to deteriorate again with Portugal, in the wake of the Socialist split, apparently as far away as ever from effective government.

The split, highlighted by the resignation of the Agriculture Minister, Senhor Lopes Cardoso, also provided a fresh reminder of the fundamental polarisation of Portuguese politics.

Sr. Mario Soares, the Prime Minister, may well feel a sense of short-term relief that he has rid himself of one of the most troublesome critics of his Government's measures to haul the economy from the brink of catastrophe and that the left wing of the Socialist Party whose spokesman, Sr. Cardoso, remains received a drubbing at the party congress.

The Prime Minister holds the view that he can appeal over the heads of Left wing militants to the good sense of the average voter. His chance to do so will come next month as the electorate goes to the polls for the third time this year to elect local councils.

Although the Socialists would have preferred the campaign to have concentrated on local problems it has perhaps inevitably been turned into a test of the national standing of Sr. Soares's minority administration, with a strong possibility that should his party's share of the total vote fall substantially, he will be forced to form a coalition with the parties to his right in the National Assembly, the Centre Democrats and the Social Democrats.

The chances of this happening have been increased considerably by the split between Left and Right last week.

Sr. Lopes Cardoso's commitment as Agriculture Minister to carrying out further expropriation

of land under the agrarian reform programme enabled the Socialists to poll handsomely in the southern Alentejo region.

Much of this support could be lost now that his successor, Sr. Antonio Barreto, has adopted a somewhat ambiguous attitude towards the whole question of agrarian reform.

In the industrial areas, too, the Socialists face loss of worker support as measures aimed at rearing shopfloor discipline and curbing wage increases take effect.

Already some known Socialist militants have agreed to run in the local elections as candidates for the People's Front coalition formed by the Communist Party and the shadowy Portuguese Democratic Movement.

How many Socialist voters will also defect to the Left is impossible to forecast, but it is worth recalling that motions denouncing Government policy at the party congress attracted the support of a quarter of the delegates.

In any case, the Socialist split could not have come at a better time for the Communists, who hold their own national congress this weekend. Dr. Alvarez Cunhal and his followers, whose political future looked extremely bleak in the aftermath of last November's uprising, have a distinctly confident air about them these days.

In the keynote speech he made to this week-end's congress, Dr. Cunhal once again rebuffed the Socialists' "attempts at capitalist recuperation at the cost of the workers" and warns that the Communists will continue to take part in strikes and demonstrations as well as "more positive steps towards workers' control and collectivisation."

More ominously for Premier Soares, the Communist leader will report that the Right-wing policies of the Socialist Government have led to a "drawing together between Socialists and Communists in individual factories."

Dr. Cunhal is thus making it clear that the Soares Government can expect no help from the Communists in the National Assembly so long as it maintains its present policies.

Dr. Soares is equally determined to push ahead with these policies. The possible defection of Left-wing deputies to voting lobbies is likely to make him rely at least informally on the Social Democrats and Centre Democrats.

In this way, his Cabinet's policies may be poised. But Dr. Cunhal now says that they will be opposed outside Parliament in any case if this should prove necessary.

**Street politics**

Street politics and political strikes were supposed to become things of the past with the advent of parliamentary democracy this year. Indeed, political strikes have already been declared illegal.

If the Communists and the Revolutionary Left are serious about taking their opposition to the Government to the streets and factories, then Sr. Soares risks having a major law and order problem on his hands which only "operational" backing through the President can hope to resolve.

The price that any Portuguese civilian Government would have to pay in return for this support has always been considered the "parties to the future" of parliamentary democracy. Last week's call by Major Antunes for the military to take up the running again and the failure of President Eanes to make his own position clear at a time when the new democracy is still trying to find its feet augurs ill for the prospects of elected civilian rule.

## Strike call for to-day in Spain

By Roger Matthews

MADRID, Nov. 11.

STRIKES and partial stoppages are expected in many parts of Spain to-morrow, following calls by the main illegal trade union organisations for a day of protest against recently introduced economic measures. Although the unions have stressed that they are not calling for a general strike, the Government is understood to have stopped police leave, and has warned that it will deal severely with any attempts to disrupt public order.

The strikes raised the curtain on what is expected to be a tense nine days for the Government, with the Cortes (Parliament) due to begin its crucial debate on constitutional reform on November 16, and the first anniversary of General Franco's death occurring four days later. A two-thirds majority is needed in the heavily Right-wing Cortes to approve the Government's proposals for a new two-tier Parliament. Present indications are that the voting will be close, with some deputies trying to spin out the debates so that they extend beyond the anniversary of Franco's death.

Riot police used tear-gas and rubber bullets against demonstrators in the northern town of Santander last night when they tried to show solidarity with more than 200 miners who had been staging a sit-in hundreds of feet below the surface in support of a pay claim. Labour tension also continues high in the Basque province of Vizcaya, where some 30,000 building workers have been out for nearly a month. In several parts of the country police have made preventive arrests of alleged strike organisers, and large forces will be out to-morrow to stop pickets forming.

## Debate on French nuclear deal

BY ROBERT MAUTHNER

PARIS, Nov. 11.

THE FRENCH Government has no intention of going back on its undertaking to sell a nuclear reprocessing plant to Pakistan, but would not object strongly to the cancellation of the contract by Pakistan. For the moment, however, the Pakistani Government has given no indication that it intends to take such a step.

The controversy about the sale, which first blew up last summer when Dr. Henry Kissinger, the U.S. Secretary of State, tried to put pressure on Pakistan and France to abandon the contract, has been given a fresh airing in the French Press during the current visit to Paris of Mr. Aziz Ahmed, the Pakistani Foreign and Defence Minister.

Officially, Mr. Aziz Ahmed—who has had talks with M. de Guiringaud, the French Foreign Minister, M. Bourges, the Defence Minister, and M.

d'Ornano, the Industry Minister—has been discussing economic and defence co-operation between the two countries, without mention of the reprocessing plant contract. But, given the international outcry which the sale provoked, it is hardly likely that this sensitive subject has not been touched during his talks.

The latest spate of rumours about a possible cancellation of the contract are based on two recent developments: a modification of France's nuclear exports policy, which now shows much greater awareness of the dangers of nuclear weapons proliferation, and the stringent conditions imposed by Canada this week for its future nuclear supplies to Pakistan.

Last month, the French Government decided to apply stricter controls on its nuclear

exports, to prevent the proliferation of atomic weapons, and indicated its willingness to coordinate its policies in this field with other major nuclear exporters. This move, it is stressed in Paris, does not mean that any existing contracts will be cancelled, but it does indicate that France will be much more careful in future about what kind of equipment it sells to countries which do not already possess nuclear weapons.

The one really new element in the situation is the statement in Ottawa earlier this week by Mr. Don Jamieson, the Canadian External Affairs Minister, which is interpreted here as facing Pakistan with the choice between nuclear co-operation with Canada, for peaceful purposes, or with France, whose equipment risks being used for manufacture of nuclear weapons.

## New Statoil well 'encouraging'

BY WILLIAM DUFFLORCE

STOCKHOLM, Nov. 11.

STATOIL, the Norwegian State-owned oil company, confirmed today that the seventh well drilled on a separate offshore structure north-east of the Statfjord field has produced "interesting and encouraging" results.

Statoil states cautiously that further drilling will have to be undertaken before the commercial significance of the discovery can be evaluated, but private companies involved are known to believe that another major North Sea find has been made. The well was drilled to a depth of 3,127 metres into rocks of possible Triassic age on concession 33/9. Testing gave a flow of 16,881 barrels a day through a

1-inch choke with a gas/oil ratio of 524. The concession is held by the Statoil/Mobil group with Mobil acting as operator.

The new structure is quite separate from Statfjord, the largest field yet discovered in the North Sea, with recoverable reserves of 3.9bn. barrels of oil and 100bn. cubic metres of gas. It is also unlike Statfjord in that it does not straddle the Median Line into the British sector. The British National Oil Corporation (BNOC) has an interest of 3.54 per cent. in Statfjord.

If it proves to be of exploitable size, the new discovery could, however, influence the argument between the Norwegians and some private companies involved

in the development of Statfjord whether the oil should be landed by sub-sea pipeline across the difficult Norwegian trench to a terminal on the Norwegian coast or by offshore loading on tankers. The more oil in the area, the greater the chances of a pipeline being built.

Statoil is currently conducting a number of feasibility studies into the possibility of laying the pipeline. A decision will be made by the Norwegian Parliament in 1979.

Statoil has a 50 per cent. interest in the group drilling on concession 33/9 with Mobil holding 15 per cent. Other companies involved are Conoco, Exxon, Shell and the Saga/Amoco group.

All these Notes having been sold, this announcement appears as a matter of record only.



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November 1976

## FINNS WORK AGAIN

HELSINKI, Nov. 11.

THE UNION of Train Dispatchers decided at midnight last night to call off their illegal strike which had paralysed the railway system of Finland since Monday night. Passenger services have been back to normal since early this morning, and freight services will be fully restored by to-morrow.

## GERMANY'S ECONOMY IS STILL EXPANDING

and it will do so in future too, of course. Therefore you should be represented in this country by a young dynamic economist with international business experience, who attends to your special interests with great care and discretion. If you are looking for such a person please write to: H. J. Scheib, M.A., Brahmstr. 19, Rittenhude (B. Bremen), Germany.

02/11/2015



## OVERSEAS NEWS

## Syrian troops prepare to advance into Beirut

BY OUR OWN CORRESPONDENT

BEIRUT, Nov. 11

SYRIAN TROOPS of the Arab peacekeeping force in Lebanon consolidated their positions today as they prepared to continue their advance on the capital to the north.

This followed the decisive and unopposed move of two columns of a Syrian assault brigade into the immediate environs of Beirut yesterday without a single shot being fired. The arrival of the two columns in the southern suburb of Jdeideh is widely regarded as a major Syrian diplomatic and military coup which is expected to pave the way to a broader Syrian initiative in the Middle East.

To-day the two Syrian columns linked up in a powerful pincer movement in Beirut's southern suburbs, dividing the southern and Christian quarters from their battle lines and setting the stage for a march on the capital.

Four unknown gunmen attempted to assassinate moderate Christian politician Raymond Edde in the Moslem-held western sector, wounding Mr. Edde and his chauffeur.

The gunmen, driving a cream-coloured sports car, fired several submachine-gun bursts at Mr. Edde as he stepped out of his car in front of his home in the Hamra district. A Left-wing radio bulletin announced:

Southern 4,000-5,000 Syrian-dominated troops, backed by Soviet-made tanks, armoured cars, heavy artillery and rocket launchers, rolled down to the approaches of Beirut from the central mountains on Wednesday. They passed unopposed through Left-wing and Right-wing areas and took up positions on the outskirts of the capital, thus completing the first phase of a comprehensive security scheme prepared by the general command of the Arab peacekeeping force.

The second phase of the three-phased scheme begins on Friday and will involve penetration of the confrontation lines, particularly the road from Hamra in the south to the port area in the north and Foad Chehab Street connecting east and west Beirut through the so-called "green line" at the Museum area. It also includes the stationing of

## Fighting dies down in south Angola

By Our Foreign Staff

FIGHTING appeared to die down in southern Angola yesterday as reports that the Unita (National Union for the Total Independence of Angola) guerrillas had fled into the bush in the extreme south-east of the country close to the Caprivi strip on the Namibian (South-West Africa) side of the border.

The flow of refugees across the Namibian border was reported to have come almost to a halt in three days of intense fighting between Unita guerrillas and Cuban-led MPLA (Popular Movement for the Liberation of Angola) forces, who according to unconfirmed reports were in a temporary union, with Swapo (South-West African People's Organisation) forces, apparently drove the Unita forces out of positions in and around Ngiva (formerly Pereira D'Eca).

The clashes had resulted in at least 3,000 refugees fleeing across the border into Namibia, with stories of MPLA and Cuban atrocities.

Reports attributed to refugees but unsubstantiated from any official source spoke of Cuban troops preventing refugees from leaving the scenes of fighting at gunpoint and also talked of raping and killing of children.

The apparently stubborn resistance put up by Unita led to suggestions that South Africa had given indirect support to Unita—an idea which was given added currency by the arrival yesterday in Johannesburg of Mr. Jorge Sangumba, the Unita Foreign Minister. South African officials denied that there was any current involvement, and in London a Unita spokesman vigorously rejected suggestions that Mr. Sangumba was in the republic to campaign for military support.

Mr. Sangumba has gone to South Africa because he is concerned about the refugees and wants to see what can be done," the spokesman said.

For the main processes of drafting the constitution and arranging the election, the Africans came up with seven months, which allows slippage to nine—leaving two months for the other processes. The British said 11-12 months, leaving three to four for the other processes.

There were other points of difference, such as the contention that no voters' list can be drawn up until the franchise part of the constitution has been established; but the Africans maintained that that could even be agreed in Geneva.

An important political point was made in answer to the much slower timetable of the Rhodesians (who said, for example, that it would take at least 18 months to go through the electoral and registration processes). An African Government, clearly leading to majority rule elections, would be much more likely to get the co-operation of the people, which itself could greatly speed up the timetable.

If the conference does decide on a date for independence, it will clearly be the result of political rather than technical considerations.

## ONE YEAR AFTER MR. GOUGH WHITLAM'S DISMISSAL

## A return to normality

BY KENNETH RANDALL, IN CANBERRA

AT LUNCH-TIME on November 11 last year—the Governor-General, Sir John Kerr, dismissed the Australian Labour Party Government from office. A few hours later, his official secretary stood in a jostling throng on the steps of Parliament House to read the proclamation dissolving the Government, ending with the customary "God save the Queen".

Gough Whitlam thrust his six foot four inch frame through the crowd to declare: "Well, may we say Good-bye to the Queen, for nothing will save the Governor-General. His fury and frustration at the day's events were patent and infectious. "Maintain your rage," he exhorted the crowd. And for many months they did.

A great many Labour partisans are still enraged and take any opportunity to show it. Others remain deeply disturbed by last year's events without necessarily sharing Mr. Whitlam's view of them. A majority, according to the latest opinion polls, accepts what happened and appears satisfied with the results.

If a sense of outrage could not win the election last December it is infinitely less likely that it can win the next election. Whenever it is held, Mr. Whitlam was among the first in the Labour Party to realise that, and in recent weeks he has been systematically working to redirect party energies towards that goal, that might, in fact, swing the pendulum back in 1977 or 1978.

Eleven months ago it seemed inconceivable that this role, at this time, should fall again to Gough Whitlam. In the aftermath of the election, Mr. Whitlam himself made tentative moves towards installing Mr. Robert Hawke as his successor.

Mr. Hawke, the National President of the Labour Party and President of the Australian Council of Trade Unions (ACTU), seemed the only alternative.

Yet that rare flash of humility from Mr. Whitlam raised only the howls of outrage from the Labour Left in Parliament. Mr. Whitlam had the right to choose

his own heir, they declared. That was the prerogative of the Parliamentary party, of which Mr. Hawke was not even a member.

To cover their confusion, the Labour parliamentarians re-elected Mr. Whitlam in January of last year for only 18 months—half the expected life of the Parliament. Some of them then set about destroying Mr. Hawke's chances

of entering Parliament to stake only 7 per cent. in an electorate which has shown itself increasingly volatile in recent years. Since the elections, opinion polls suggest that Labour has already picked up 3 per cent. at the Government's expense.

The fact remains, though, that support for Mr. Malcolm Fraser's Government still stands at 50 per cent. according to the polls, despite unemployment, inflation, the dismantling of popular Government programmes and a host of lesser issues for which Mr. Fraser has not succeeded in his stated objective of halving the average Australian turn to the sports page of the newspaper before reading the political news. The day he does, Labour will be in serious trouble. The day he does, Labour will be in serious trouble. The day he does, Labour will be in serious trouble.

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the multitude of specific issues embraced by the phrase. And, despite 1976, that manifesto has been too successful to be used again.

People have little confidence in their own future and little confidence in the nation's future," Mr. Whitlam says now. "They are concerned about their competitive strength as a trading nation, our future strength and resilience as a modern industrial state, our survival as a vigorous democracy. To say this is not to lament what happened to the Labour Government or to lament past Labour programmes. It is to question our basic institutions and the remedies sought by Conservatives."

Some of the issues he has identified within this context include trade union reform, the restructuring of industry, reform of the machinery of Government and greater individual security through a new approach to welfare and related programmes. Properly developed, and given the problems still facing the Fraser Government, they could become themes of considerable appeal.

At this stage, however, they are Whitlam ideas and not settled policies of the Labour Party as a whole. Mr. Whitlam and his supporters are working strenuously to capture the policy-making machinery before the national conference of the party next July which will revamp the existing platform. Nobody can tell yet how far they have succeeded.

Much of the effort is concentrated on the new recruits to Labour ranks last year and after the victory in 1972. And just as much will depend on the personal authority Mr. Whitlam can show that he retains in the party and the electorate at large.

It has been a long year since Remembrance Day, 1975. But perhaps the most impressive feature of it has been the centennial return to normality in national politics. The demonstrations planned throughout Australia to mark the anniversary are very likely to be the last of their type.

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## Eleven-point plan for Rhodesia

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

GENEVA, Nov. 11

BRITAIN AND the African nationalist delegations attending the Rhodesia conference here have effectively agreed on an 11-point programme leading to independence, but still disagree on the timetable necessary to achieve it.

Technical calculations have been made by lawyers, at the request of the British conference chairman, Mr. Ivor Richard, on how long the necessary processes leading to independence would take place. Those calculations show that there was little difference between the Africans and the British.

They were made one the basis of a confidential document outlining 11 stages labelled (a) to (k), which makes clear that a date is to be set from the end of the conference here—the first stage. In last week's deliberations this was assumed to be November 30, although from the time spent discussing only one issue so far, that is undoubtedly optimistic.

The agreed processes after that are: (b) enactment of legislation to establish an interim government; (c) the establishment by the government of machinery to work out a constitution; (d) when then gets on and drafts that constitution (stage d); which is then agreed by the interim government (e).

The next stage is the holding of a constitutional conference (f) followed by the establishment of machinery for elections, including registration of voters, delimitation of constituencies and enactment of electoral laws (g).

The final stages are the grant-

ing, clearing and settling of the independence constitution (h), the drafting and enactment by the U.K. of the independence constitution (i), the holding of elections and completing formalities for independent (j) and, finally, independence day itself (k).

On the basis of this document the Africans said the processes could be completed in nine months, but they were prepared to allow "slippage" to 11: the British said 15 months and the Rhodesians, who most delegates believed to be making calculations largely on political grounds—23 months.

A white civilian and a black policeman have been killed in a violent clash in Rhodesia, according to security forces, writes our Salisbury correspondent. The civilian was fatally injured when his vehicle detonated a landmine near the Zambian border, and the constable died from wounds received when the vehicle in which he was travelling was ambushed by guerrillas.

months, but they were prepared to allow "slippage" to 11: the British said 15 months and the Rhodesians, who most delegates believed to be making calculations largely on political grounds—23 months.

It appears that the main point of argument between the British and the Africans was which processes could run concurrently. All agreed, for example, that legislation to establish an interim government could be completed in six weeks, but the Africans maintained that some work could be done on both establishing the machinery for elections and drafting a consti-

tution during that time. Two points of difference emerged: the Africans maintained that it need take no time at all for the interim government to appoint a constitutional commission. They—and largely the Rhodesians—also believe that a formal constitutional conference, for which the British allow two weeks, would not be necessary, since the constitution would have already been agreed in Rhodesia.

For the main processes of drafting the constitution and arranging the election, the Africans came up with seven months, which allows slippage to nine—leaving two months for the other processes. The British said 11-12 months, leaving three to four for the other processes.

There were other points of difference, such as the contention that no voters' list can be drawn up until the franchise part of the constitution has been established; but the Africans maintained that that could even be agreed in Geneva.

An important political point was made in answer to the much slower timetable of the Rhodesians (who said, for example, that it would take at least 18 months to go through the electoral and registration processes). An African Government, clearly leading to majority rule elections, would be much more likely to get the co-operation of the people, which itself could greatly speed up the timetable.

If the conference does decide on a date for independence, it will clearly be the result of political rather than technical considerations.

## Qatar and Shell hold oil talks

The Qatar Government and the Shell subsidiary in this Gulf State have entered the last stages of negotiations in the Shell's takeover of the company's operations here, Reuter reports from Doha. The Government last September offered to pay Shell 22 US cents a barrel as an operating fee for continuing to run the offshore fields after the State takeover. Shell negotiators have come here with a counter-proposal. Although no details of the counter-proposal or the Government's counter-proposal are known, both sides appeared keen to conclude the negotiations as soon as possible. Shell Qatar's offshore fields produce about 250,000 barrels of crude a day.

## Death penalty

The Bangladesh Government yesterday passed a law that carries the death penalty for persons involved in activities of insurgency activities. UN reports from Dhaka.

## NZ games boycott

The boycott by Black African countries is one reason for the cancellation of the New Zealand game due to be held in Christchurch in January, our Wellington correspondent reports. The announcement comes as African countries, particularly Kenya and Tanzania, join Deputy Prime Minister Brian Faulkner that they would continue to boycott New Zealand because of its sports links with South Africa.

## Tel Aviv bomb

Five people were hurt when a bomb exploded in a conference in Tel Aviv near Tel Aviv yesterday, Reuter reports from Tel Aviv. Police said they suspected Arab guerrillas were responsible.

## Malaysian terms

The Malaysian Government has supplied the terms it wants for offshore oil and natural gas production sharing agreements with units of the Royal Dutch-Shell group and Exxon Corporation. AP-DI reports from Kuala Lumpur.

## ON OTHER PAGES

International News: Record Meet figures seen. Mikko Securities expansion. Swedish corporate profits... 28/29. Farming and Raw Materials: US grain price falls. French milk farming... 35.

## Transkei ousts police

BY JOHN STEWART

CAPE TOWN, Nov. 11

THE TRANSKEI Government has asked the South African Government to withdraw remaining South African policemen serving in the newly independent homeland.

A report published here to-day quotes a message from police headquarters in Pretoria asking white police to indicate immediately where they would like to be transferred. The instruction is understood to have taken the men by surprise because they expected to serve in Transkei until 1978.

The report quotes informed sources to have said that the Pretoria Government was told by the homeland's ambassador that

Transkei no longer required the services of white police. The source reportedly said the decision was made by the Transkei Cabinet.

According to the report, there are only 15 white uniformed police left in Transkei, most of whom are officers acting in advisory capacity. Former Commissioner of Police in Transkei, and now senior adviser, Brigadier Sid Mattheys, is also among those who will have to leave immediately.

Many of the white police have been in Transkei for a considerable period and at least one high-ranking officer had planned to stay until his retirement in 1978.

## India amends constitution

BY K. K. SHARMA

NEW DELHI, Nov. 11

WITH THE passage of the 59-clause Constitution Amendment Bill by the Rajya Sabha (Upper House) to-day, the Indian Parliament put its seal of approval on the most comprehensive constitutional overhaul made so far. The Bill was passed by the Lok Sabha (Lower House) last week.

The Bill which will come into force when half the 22 states ratify it—expected within a month—seeks to assert the supremacy of Parliament and, through it, the executive. It also gives primacy to the directive principles of the constitution over fundamental rights which will no longer be allowed to stand in the way of carrying them out. The right of the courts to scrutinise

the constitutional validity of the laws passed by Parliament have been curtailed and a review can now only be made on procedural grounds. The power of high courts to issue writs has also been limited.

YET ANOTHER oil strike has been made by the Government-owned Oil and Natural Gas Commission in a new oilfield in the western coastal state, bringing the number of established hydrocarbons fields to five. The latest strike is in the "deeper continental shelf structure" 130 miles off the Bombay coast. It is indications proper correct this will be bigger than the "Bombay High" field where commercial production has already begun.

## Israel price control call

TEL AVIV, Nov. 11

ISRAELI TRADE union leaders to-day called for government controls on prices and company profits when they met Prime Minister Yitzhak Rabin and other Ministers to discuss wide labour unrest.

Officials of the Histadrut (trade union federation) also protested at the recent Government decision to cut subsidies on basic foods which last week pushed up prices by 20 per cent.

No decisions were taken at the four-hour meeting but Mr. Yehoshua Rabinowitz, head of the Histadrut, said he hoped the Prime

Minister would now come up with ideas which union leaders could consider for ending the discontent among workers.

Some 100,000 are now involved in strikes, go-slows or strike threats and are demanding substantial wage rises to counter the country's 35 per cent. annual inflation.

Finance Minister Yehoshua Rabinowitz told to-day's meeting that last week's subsidy cuts were essential to cut public spending and curb excess consumer buying which, he said, a key factor in inflation. Reuter

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## AMERICAN NEWS

## Lockheed seeks SEC deadline extension

By Stewart Fleming  
NEW YORK, Nov. 11. LOCKHEED Aircraft will have to ask the Securities and Exchange Commission (SEC) for a further extension of the deadline by which it must file a report on its foreign payments to the investment regulatory agency.

A Lockheed spokesman confirmed today that the report will not be ready on time and that the special committee of directors investigating the foreign payments will not have completed their investigations by tomorrow's deadline. He was unable to give any specific reason for the delay or to suggest what sort of further extension would be requested.

The special committee was due to complete its investigations tomorrow and file a report with the Lockheed Board 30 days after that. The Lockheed directors then had a further 30 days to file the report with the SEC and a federal court in Washington. The report was to be released by the SEC to the public. Until the report is published the company cannot hold a regular annual meeting.

AFD adds: Action Industries Inc., which previously disclosed the receipt of questionable shipping rebates, has identified four shippers that paid them in a filing with the SEC. The company said that it received a \$419,000 in the six years ended last June 30 from four maritime carriers: Sea-Land Service Inc., a subsidiary of R. J. Reynolds Industries Inc., Waterman Line, Phoenix Container Lines and Evergreen Line. It is illegal to pay or receive shipping rebates.

## Burns backs moderate money policy

BY JUREK MARTIN, U.S. EDITOR

DR. ARTHUR BURNS, chairman of the Federal Reserve, pledged today to persevere with moderate monetary policies for the foreseeable future.

The thrust of his arguments, contained in his regular report to the Senate Banking Committee, was that "loose fiscal policies" could cause renewed inflation and that "continued progress in unwinding inflation must remain a major objective of public policy, along with establishment of reasonably full employment and reasonably full utilization of our industrial capacity."

In fact, Dr. Burns announced some lowering in the growth margin of the basic monetary measurement M1 (currency and demand deposits) to a range of 4 1/2 to 5 1/2 per cent. per annum from the 5 to 7 1/2 spread previously in force.

## Tax plan for multinationals

By Our Own Correspondent

NEW YORK, Nov. 11. THE U.S. Internal Revenue Service (IRS) is considering a tightening-up of certain tax rules for multinational companies which could amount to an additional \$750m. in taxes to the companies affected.

At present many multinational companies charge against U.S. income expenses and deductions that are attributable to foreign operations. This inflates foreign profit and has the effect of increasing the foreign tax credit the companies are allowed to reduce U.S. taxes.

However, he maintained (as from the previous targets of the Fed) that wider use of new financial technologies (the NOW accounts, the development of telephonic transfers of funds from savings to current accounts, the acceptance by banks of business and government savings deposits, for example) had considerably changed the definition of M1.

He estimated that over the last year, ending with the third quarter of 1976, the real growth of M1 would have been 2 per cent. higher than the 2 per cent. actually recorded if the new factors were taken into consideration.

However, Dr. Burns also announced a fractional raising of the upper ends of the target ranges for the broader money supply measurements from the levels set last summer, these ranges had been lowered in July Carter Administration.

## Argentina frees strikers

BY ROBERT LINDLEY

BUENOS AIRES, Nov. 11.

ALL THE 43 members of the light and power workers union who were jailed two weeks ago as ringleaders of strikes which blocked out portions of greater Buenos Aires, have been released.

Now that the work is proceeding normally, all the security forces who were guarding the installations of the two power companies which supply electricity to the area have also been removed. The strikes were touched off more than a month ago by the Government's dismissal of about 250 "redundant" light and power workers, some of them union leaders. More than 500 workers were suspended for one day for taking part in the strikes.

Reuter adds: Seven left-wing guerrillas were reported to have been killed in clashes with security forces to-day bringing the death toll from guerrilla warfare in Argentina to 27 in less than two days. Police said the seven, including a woman, died in two separate gun battles in La Plata, 40 miles south-east of Buenos Aires where a bomb blast at provincial police headquarters on Tuesday night killed a policeman and injured 10.

WASHINGTON, Nov. 11.

## Annenberg gives NY a \$20m. arts centre

By Our New York Staff

NEW YORK, Nov. 11.

AT A TIME when New York City has still not solved its financial problems, the Walter Annenberg Foundation today announced the construction of a new \$20m. "art communications" centre.

Mr. Walter Annenberg, the 68-year-old former U.S. ambassador to Britain, who inherited the Triangle Publishing Company, has provided a pledge covering not only the projected construction cost, but continuing operating expenses as well.

The grant is considered to be the "most valuable in 1976 years" not only because of the dollar figure, which is exceeded in value by certain other museum collections, but because it makes possible the realization of a dream which "goes back to the 1920s—the use of the motion picture."

With a projected completion date of 1980, the centre will use "the most advanced techniques of modern communications"—this includes not only films, but also television, tapes, publications, and slides to spread the word of art to a wider public.

Mr. Thomas Hoivig, who recently announced his retirement as director of the museum as from December 1977, will be in charge of the new centre.

Mr. Hoivig has been a major force in bringing change and renovation to the museum.

## States move on jet noise

WASHINGTON, Nov. 11.

THREE U.S. states will try tomorrow to force the U.S. Government to set noise control standards for jet aircraft—a move seen as an attempt to keep out the Anglo-French supersonic Concorde.

A federal judge to-day set Friday for a hearing of a suit by New York, Illinois and Massachusetts who say the Government is about to support adoption of international noise standards less strict than some proposed for the U.S.

## Atlanta lawyer to head Carter transition team

BY OUR OWN CORRESPONDENT

WASHINGTON, Nov. 11.

MR. JACK WATSON, the young lawyer from Atlanta, Georgia, would appear to have been formally enshrined as the man who will take charge of the transition from the Ford to the Carter Administration.

Mr. Watson has been running the transition planning staff to those who were his earlier supporters since mid-summer and has presented Mr. Carter with voluminous briefing books on possible Government appointments and major role in the campaign.

His accession seems to have been achieved partially at the expense of Mr. Hamilton Jordan, Mr. Carter's Presidential campaign manager, whose functions in the weeks ahead will be confined to the composition of the new White House.

However, reports from the island off the coast of Georgia where Mr. Carter has been taking a brief holiday stress that there was no ferocious fighting between Mr. Watson and Mr. Jordan. The latter had apparently felt somewhat displaced once the election was over since he had been concentrating on the campaign itself, whereas Mr. Watson had only been looking beyond election day.

But it seems that Mr. Carter has concluded that such a handover would constitute something of an affront to the Ford administration, which remains in power another 10 weeks.

## ECOL OIL REFINERY

## A short-lived independence

BY JAY PALMER IN NEW YORK

ALTHOUGH a total of something over 25 refinery construction projects have been proposed in the U.S. since the Arab oil embargo, only one has overcome environmental and other objections and actually been built.

Seven weeks ago, this one huge independently-owned facility was gobbled up by one of the larger integrated oil companies before it had processed a single drop of crude.

In a deal that caught virtually everyone by surprise, Marathon Oil paid \$400m. to buy the 200,000 barrels-per-day Mississippi-River facility owned by the Energy Corporation of Louisiana (Ecol), a joint venture of Northeast Petroleum and the Ingram group of New Orleans.

It was a bargain price, especially since all but \$140m. of the total \$400m. was in the form of assumed debt and obligations. For this relatively small outlay, Marathon increased its refinery capacity by about 60 per cent. and in one go jumped from 16th to 12th place in the league of U.S. refiners.

The idea for the Ecol project came in 1973 and involved not only the two parent companies, but also a local electricity supplier, Middle-South Utilities. In the wake of the embargo and the first days of the energy crisis, all three companies had their own very good reasons to get together to create what was designed to become America's first new, independently-owned refinery since the 1950s.

For Northeast a New England-based retailer of petrol and heating oils, the appeal of the new venture was obvious. Environmental objections had blocked its plans to build a refinery in Rhode Island and, especially in view of the prevailing oil shortages, the company had to secure long-term adequate supplies of oil at reasonable prices.

Middle-South's position was much the same, though in its case Federal Government regulations banned utilities from taking equity stakes in refineries. Even before the Arab move, it had been hit by the natural gas shortage, and it needed long-term fuel oil contracts. The only answer was to take an indirect financial stake in a new refinery and thus secure a "most-favoured customer" rating.

Ingram, unlike Middle-South and Northeast was not in the project for fuel supply.

Longish talks between the three companies ultimately resulted in the Ecol plant, sited 35 miles up river from New Orleans. Ingram and Northeast each put up half of the total \$20m. equity capital. A 145-barrel consortium led by First National Bank of Chicago agreed to extend a \$350m. 10-year loan at 2 per cent. above prime rate.

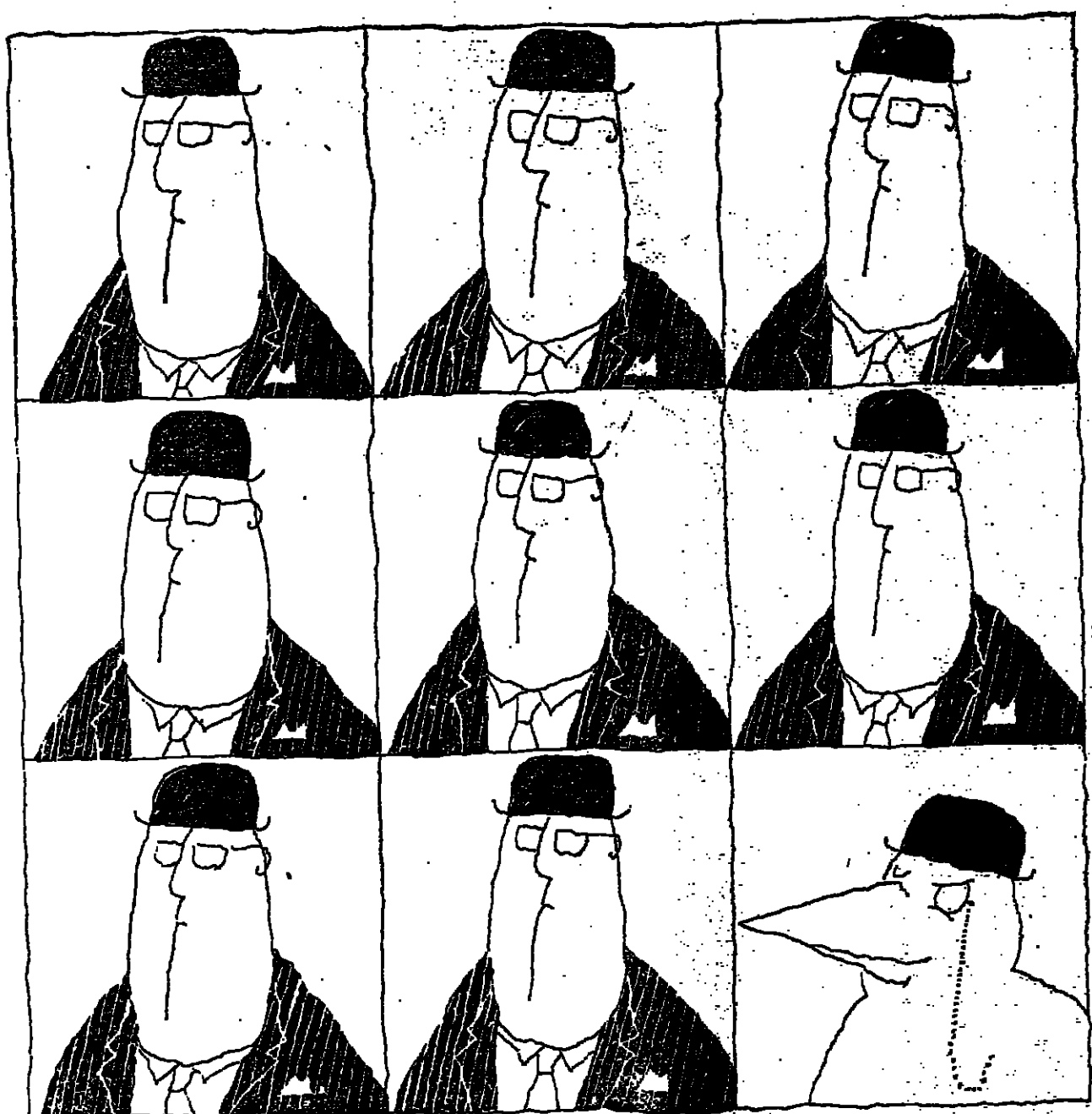
Middle-South, for its part, put up just over \$67m. of subordinated funding for the operation, lent against future guaranteed-fuel oil deliveries of 40,000 barrels per day until 1990.

The deliveries were to have been priced at cost, with a guarantee that the price would be at least 10 cents a barrel less than the price of the Gulf of Mexico crude. The project was glowingly portrayed in a number of journals as a turning-point in the history of U.S. refining. It pointed out that Ecol was first refinery to be built in America specifically along a pipeline where production put is geared to heavier oils rather than petrol.

Also, unlike most existing refineries, Ecol was specifically designed to be most efficient handling very high sulphur crudes, and converting them environmentally acceptable fuels. Most imported crude oil also that from Alaska's Prudhoe Bay fields has a high sulphur content while most domestic oil is low in sulphur.

To get crude, Ecol signed reasonably good contracts with Venezuela (the first delivery, Marathon's bid). A three-delivery contract was signed together with Royal Dutch-Shell, who designed to become America's super-tankers would carry Venezuelan oil to a point off Louisiana just outside U.S. territorial waters for transfer to smaller vessels for the trip to the refinery. This avoided the much higher cost of having to use U.S. vessels for the entire journey.

The design and envisaged operation of the Ecol plant is still based on some fundamental assumptions about future. Ecol bet that accelerating gas shortage would increase demand for heating oil. Secondly, it assumed a continuing decline of U.S. domestic oil production and a corresponding upturn of oil imports. Finally, it was looking for continuing increases in U.S. energy consumption and a consequent need for refinery expansion.



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## WORLD TRADE NEWS

## Chase attacks Egyptian foreign investment body

BY MICHAEL TINGAY

EGYPT'S Foreign Investment Authority has been sharply and comprehensively criticised in a confidential report prepared for the joint Egypt-U.S. Business Council by Chase Manhattan Bank.

The report says the complexity of the foreign exchange system, the confusion caused by overlapping and contradictory law on foreign investment, and the lack of co-ordination within the Government must be rectified if foreign investment in Egypt is to increase.

The report says floating the pound while causing Egypt immense problems "would probably have the greatest single impact of anything the Egyptian Government could do to attract foreign investment."

The Egyptian pound must be devalued and a single exchange rate, introduced, it says. It calls for a business advisory council to be set up reporting directly to the Prime Minister's Office together with a revision of the investment law which, it says, "should reflect priorities within a clearly defined economic policy."

The comments on the exchange situation contrast with those recommended by the International Monetary Fund.

The report, which has not been circulated far beyond Egypt's top leadership, is understood to have been discussed last month by President Sadat and Mr. David

Rockefeller, head of Chase Manhattan. Its frank criticisms are said to have met with negative response from the Prime Minister, Mr. Moudouh Salem.

However, speculation that the Government might consider a series of recommendations is justified by the new appointment of Dr. Abdul Moneim El Khoussouny as deputy premier in charge of economic and financial affairs. He is fluent in the language of Western business.

The Foreign Investment Authority gets the most severe criticism. The report attacks it for lack of guidance, arbitrary application of investment criteria, and for playing a negative role by screening out investors rather than encouraging them.

It points to the lack of fixed criteria by which applications of investment are made for projects within Egypt and the "fuzzy" status of the free zones. It refers to inaccuracies and ignorance on the part of investment officials and "the often pointless chain of technical reviews of projects."

It recommends a thorough review of the functions, organisation, staffing and operation of the authority, and advocates embodying responsibility in a powerful hierarchy — possibly answerable directly at Prime Minister level.

Dr. Abdul Moneim Rushdy, head of the investment Authority, is believed to con-

CAIRO, Nov. 11.

sider the barrage of criticism directed against the authority unfair and unjustified. But as the report indicates, the investment Authority is damned by the non-arrival of foreign investors in Egypt.

Since the report was presented to Mr. Sadat Egypt's Cabinet has been reshuffled in a way which indicates that the President will respond to some of the recommendations as best he can.

Observers believe there may have been some American influence both in the selection of Dr. Khoussouny as Deputy Premier and in persuading him to take the post.

There is no doubt that the arrival back in the Government of the chairman of the Arab International Bank increases chances that the stern recommendations in the report may be applied. References throughout to communication at Prime Ministerial level can now neatly be transposed to be dealt with by the deputy premier for economic affairs.

President Sadat has urged his new Government to streamline procedure and put new life into the country's flagging economy. Reiter adds.

"Eliminate red tape and I am behind you. Wine out routine, otherwise we shall never overcome our difficulties in reconstruction and domestic problems," he told the new Cabinet in a special briefing.

## BAC and Rolls bid for Saudi contract

BY RICHARD JOHNS

THE BRITISH Aircraft Corporation and Rolls-Royce (1971) Ltd. are understood to be pursuing a contract for the maintenance and overhaul of Saudi military aircraft engines which could be worth at least £10m.

Talks on the project date back at least as far as last year and are outside the immediate scope of the official visit to London of Prince Sultan bin Abdul-Aziz, Saudi Minister of Defence and Civil Aviation, which ends tomorrow.

If a deal on aircraft maintenance and overhaul is concluded, it would be in addition to the renewal of the existing U.K. air defence contract with Saudi Arabia which expires in 1978. BAC is the prime contractor in the British team implementing the project.

Its extension to 1982 under a new agreement — worth something in the region of £700m. after allowance is made for cost

increase — is expected to be the most immediate concrete outcome of Prince Sultan's visit.

Establishment of an engine maintenance and overhaul facility is one of the kingdom's top defence priorities, the aim being that Saudi should be trained as soon as possible to a point of self-sufficiency in this field.

While training would be a significant part of the package under discussion, buildings and infrastructure account for a big proportion of the sum mentioned.

British-built aircraft in the Saudi air force are limited to two squadrons of Lightning interceptors and two training squadrons of BAC-167 Strike-masters. However, the possibility is by no means ruled out that BAC and Rolls-Royce (1971) might also take over the maintenance and overhaul of Northrop F-5s in the kingdom's service.

## Hopes of more links with India

BY K. K. SHARMA

NEW DELHI, Nov. 11.

A BRITISH industrial delegation to India hopes to take advantage of a decision to liberalise import of capital goods and has found that there is a "more flexible, more pragmatic" view taken towards foreign investment.

But, as its leader, Sir Ralph Bateman, said today, it does not think that India's Foreign Ex-

change Regulation Act (FERA) improves the prospects for foreign investment. Sir Ralph acknowledged, however, that it was the right of any government to lay down the rules, under which it wants foreign investment. The act lays down that foreign companies must Indianise their equity in accordance with a prescribed formula.

## Price claim denied by OPEC

Financial Times Reporter

THE Opec secretariat is sticking to its line that prices of goods purchased by its members abroad have gone up by around 40 per cent since the last rise in the oil price in October 1975.

According to the Financial Times newsletter PetroMoney Report, the secretariat has little time for a recent American oil industry study estimating the figure at 27 per cent.

The study — by the Petroleum Industry Research Foundation (PIRFC) of New York — concluded that for the purchasing power of the present oil price to be preserved, the oil price would have to be raised by "not quite 3 per cent" when Opec oil ministers meet in Doha, Qatar, on December 15.

An official Opec spokesman in Vienna told PetroMoney Report: "PIRFC can't give the right answer." Opec had made its own studies, using oil landed prices, not the FOB basis adopted by PIRFC, and "we know how much prices have gone up," he said — citing consultancy fees and construction costs in particular.

The spokesman added that when the Opec Economic Commission meets next week to prepare for the ministerial conference, a 40 per cent rise in import prices will be the "minimum" basis for the Commission's recommendations to the ministers. The Doha conference will also consider applications for membership of the Organisation from Syria, Trinidad and Congo.

## EEC and Romania agree textile pact

BY DAVID BUCHAN

BRUSSELS, Nov. 11.

THE EEC in its first formal agreement with an East European country, has initiated an accord regulating the trade in some flow of Romanian textile imports into the Community.

This is the 13th agreement the EEC has reached under the framework of the GATT multi-fibre arrangements (MFA), and officials here hope that Poland and Hungary who, along with Romania, are the only three East European signatories to the MFA, will soon follow suit and open negotiations for a similar agreement with Brussels.

The two-year Romanian agreement is retrospective, dating back to the start of this year, and ends at the end of next year, when the present MFA also expires.

No precise quantitative details have yet been released in Brussels but the new agreement puts a volume ceiling on 11 product categories from Romania, including cotton cloth, stockings, socks, underwear, pullovers, suits, shirts and table linen.

Ag with all these agreements in which the EEC has negotiated the move from a regime of import quotas to one more of export restraint, the ceilings for the first year allow the Romanians a slight averaged increase on current sales. But it is understood here that, for instance, in the badly disrupted British markets this year, the EEC has conceded little to Romania.

In addition, the agreement identifies 17 textile product areas where, under the MFA agreement, the EEC reserves the right to call for compulsory consultations with Romania, if imports lead to future disruption.

EEC officials point to an immediate benefit here, in that in five of these 17 products, Romania has already agreed to limit imports to certain EEC countries, mainly France and the Benelux.

## U.K. tractor deal with Libya

Massey Ferguson of Britain is the Libyan Minister for Industry, to set up a factory in Libya Jadalh Azzou Attahli. The total investment involved capacity of 3,000 tractors a year, has not been disclosed but it is understood that Massey Ferguson will invest around \$15m. over a period of five to six years, during which local content will be increased and according to Libyan sources an accord was signed this week by Massey Ferguson with Tripoli and will employ 800 men.

## German importers 'cash in on sterling'

BY NICHOLAS COLCHESTER

BONN, Nov. 11.

THE German consumer is not finding British goods sold in Germany any cheaper as a result of the recent sharp devaluation of the pound against the Deutsch mark, an extensive article in the prestigious German weekly Die Zeit reports. Instead German importers and to a lesser extent British exporters, appear to be benefiting from the increased margins.

Die Zeit reports that in Kaufhof, the big German department store chain, it is impossible to find a single British item on which the price has been lowered. In the rival Karstadt chain English do-it-yourself tools, underwear and nightdresses are selling at the same price as a year ago. The same is found to be true in the big mail-order houses.

German importers, however, seem to be making most of the profit on the fall of sterling. According to the Confederation of British Industry, 80 per cent of all British products sold to Germany are still priced in pounds rather than marks. British attempts to quote mark prices have met resistance from the German buyers, Die Zeit says.

In the case of British Leyland, the importer is now owned by the British company yet prices here have either been maintained or raised. Die Zeit says it is therefore not surprising that in boom year for German motor sales British Leyland is selling no more cars this year than it did in 1975.

## Concorde boost in Asia

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SINGAPORE, Nov. 11.

CONCORDE'S 33,000 mile tour of South-East Asia and the Far East, which ended yesterday, has strengthened the possibility that several airlines in the area may lease the aircraft.

The Concorde, which left Paris on November 2, established yet another record in civil aviation yesterday by flying more than 9,500 nautical miles from Seoul in Korea to London in only 12 hours, including stops of 53 minutes at Singapore and 42 minutes at Bahrain. The aircraft returned to Paris from London in the afternoon.

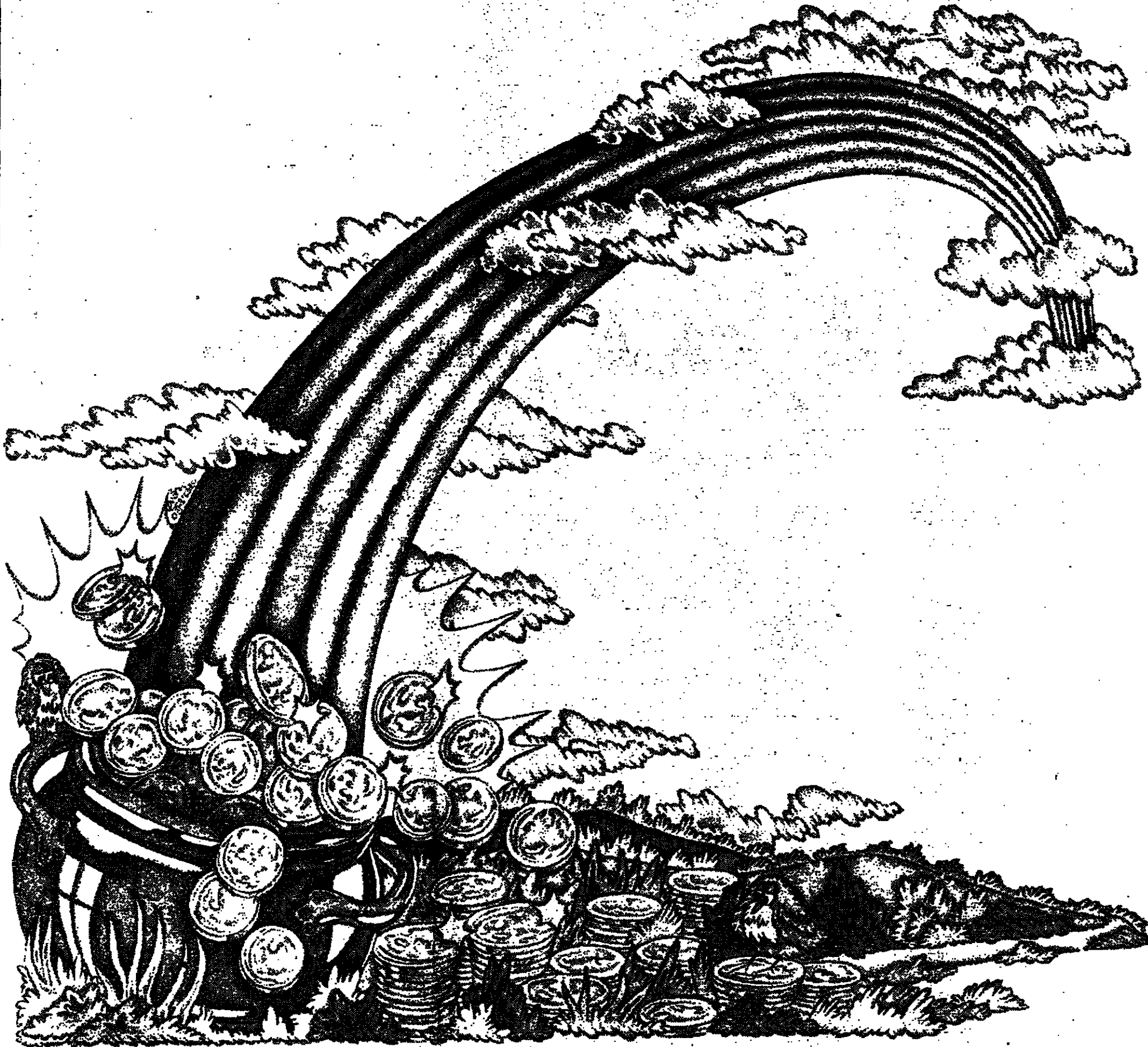
The manufacturers, Aerospatiale and the British Aircraft Corporation, say a Concorde route to S.E. Asia from Europe is technically for exploration by the airlines and Air France is considering such an operation in conjunction with the French airline UTA.

British Airways, however, still insists on opening the transatlantic route to New York before coming to Singapore, although it already goes half way with a Concorde service to Bahrain.

Concorde's visit to the Far East over the past 10 days, which included stops in Manila, Jakarta and Hong Kong, was aimed to show the aircraft to the major airlines of S.E. Asia and the Far East, and to suggest that even if they do not wish to buy Concorde, the aircraft is available for lease.

## Crown Agents' increased business

An increase of 30 per cent over the previous year in the value of goods ordered by the Crown Agents for their overseas Principals was achieved during the third quarter of 1976. The total value of orders placed for the first nine months of this year was £137.1m, compared to £122.8m for the first nine months of 1975, and the trend of increased business indicated that this year's record total of £163m will be substantially exceeded. Orders placed with British firms amounted to 71 per cent of the total value.



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## HOME NEWS

## Hattersley examines new ways to control prices

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE DEPARTMENT OF Prices has been asked to examine every option for holding down some key prices during the next few months.

Officials are considering schemes, some of which had previously been thought to be impractical and some which apparently go against the thinking of other Government departments.

They include possibly making the bakers absorb a future price increase in their profits, and extending the list of goods on which there is a statutory maximum price beyond the present range of subsidised products.

No decision has yet been taken, but Mr. Roy Hattersley, the Secretary of Prices, is concerned that his Department should not be seen to be standing in the way of inflation.

He said that some of the Government departments—such as increasing VAT and allowing the nationalised industries to make larger profits—will undermine the possibility of his Ministry and other departments with the unions difficult.

Mr. Hattersley has admitted since taking office that there are large areas of inflation in which he is powerless to act—a view which he repeated to the TUC at his meeting this week. But he has said he wants to tackle those "marginal areas" where Government action might be appropriate. He has indicated that they might include bread, beer and children's clothes.

Mr. Hattersley apparently keeps confronting what he described to the TUC as areas of "marginal inflation"—areas where action on prices could hit both investment and jobs.

Bread, which is a subsidised product, is already subject to a maximum price order, is proving a particularly difficult problem.

While seeking a solution, he has apparently considered reducing the subsidy of 10p without raising the maximum price. An alternative idea is that when, and if the Price Commission, which is to be set up, is asked to allow the State-owned industries to raise their prices, so as to increase surpluses, at a time when the unions are being asked to restrain pay demands.

Either way, it seems, the baking industry would have to take a cut in profits.

The bakers, alarmed by reports that Mr. Hattersley wants to stamp on "profiteering" in the industry, have asked for a meeting next week.

Mr. Hattersley would also like to do something on beer prices as a way of demonstrating in the short-term that the Government is acting on prices even though the rate of inflation shows no sign of decreasing over the next few months.

Children's shoes and clothing are also areas which are thought to concern Mr. Hattersley. But other Government departments are apparently worried that any action on prices could harm British manufacturers and put jobs at risk.

Mr. Hattersley may also find it difficult to persuade the Cabinet to moderate the price increases of the nationalised industries. He is believed to think that it makes nonsense of his job to allow the State-owned industries to raise their prices, so as to increase surpluses, at a time when the unions are being asked to restrain pay demands.

## CBI firmly rejects rises in indirect taxation

BY ADRIAN HAMILTON

THE CONFEDERATION OF British Industry yesterday came out with its economic prescription for the present crisis, including a renewed call for public expenditure cuts and a rejection of indirect tax increases.

At the same time, the Association of British Chambers of Commerce released a "deeply disappointing" reply from the Prime Minister to its recent letter arguing for public expenditure cuts, a reduction in interest rates and greater incentives for management.

In his reply, which the association described as revealing "the wide gulf in understanding which now exists between the Government and the risk-takers on whose efforts the nation's wealth depends," Mr. Callaghan stresses again the need to avoid divisive actions which could upset the social contract.

He defends the Government's willingness to implement monetary targets, the improvement in the country's industrial relations and its industrial strategy.

But Mr. Callaghan also rejects criticisms of the Community Land Act and nationalisation measures as providing "practical solutions to some important problems."

He further answers the calls for a reduction in public expenditure as a proportion of GDP with the statement that "these proportions are very misleading as simple statistics since they depend on the definition of public expenditure used."

Referring to the recent reduction of expenditure, he argues that public expenditure represents 52 per cent. of GDP for 1975-76 rather than 60 per cent., and he takes note of the association's view that "further cuts in public expenditure, principally in the payroll of central and local government are required."

In a speech at the CBI's West Midlands region luncheon at Sutton Coldfield yesterday, Mr. John Methven, the confederation's director-general, listed the CBI's "do's and don'ts" which the Government should now follow.

Among the "do's" was significantly a call not to increase VAT or excise duties. "This would," he said, "seriously deplete some demand, put up prices, reduce profits, and add to inflation, make the chance measures such as providing 'practical solutions to some important problems' even more difficult and would, as before, create more unemployment."

He further argued strongly against further increases in corporate or employer's taxes, income taxes or interest rates.

Instead, he suggested a 50bn. cut in public expenditure over the period to 1980, "by reducing State intervention in private industry and cancelling nationalisation plans; by more realistic pricing for public sector goods and services—including housing, transport, education and health—and improving efficiency and cutting out waste in the public sector."

Added to this, Mr. Methven urged income tax cuts next April, a restoration of business confidence through the dropping of contentious legislation, and renewed commitment to wage restraint as well as continuing priority to industry.

Mr. Methven's speech follows closely on a speech by Sir Ronald McIntosh, director-general of the National Economic Development Office, urging sensible expenditure cuts but arguing equally against measures such as indirect tax rises which would have a strong deflationary impact.

## Post Office Board should be replaced, says users' group

BY KEVIN DONE, INDUSTRIAL STAFF

THE PRESENT Post Office Board should be replaced by a Government-appointed Communications Authority commissioning research projects and recommending the principles on which each service would operate.

It is crystal clear that the present structure of the Post Office is totally inadequate to meet the demands on it by the services that it controls," Lord Paddy said.

The alternative structure he suggested would not only achieve more effective monitoring, it would also give a far greater degree of independent operation to the postal and telecommunications services.

"It would provide the means to achieve far greater accountability and would give realistic recognition to the demand for effective worker and user participation in State enterprises."

The suggestion of a Communications Authority as a bridging board would avoid the wasteful duplication of administrations involved in splitting the Post Office, and would maintain joint research facilities.

In each sector, technicians would have a far greater say at executive Board level. "At the moment, we appoint some people to a Board, and pray for the best."

The evidence also draws attention to the "social control" of many Post Office services, which, it says, must not be lost amid solely commercial objectives.

The council also published its annual report yesterday, which takes up its campaign for concessionary postage for Christmas and a monthly billing system for telephone accounts.

Members of the Communications Authority should not have executive operational responsibilities within the Post Office, Lord Paddy, chairman of the council, said.

But it would receive and monitor budget and performance targets, assess and approve capital investment programmes, co-ordinate major research projects and recommend the principles on which each service would operate.

In its evidence to the Post Office Review Committee, published yesterday, it recommends that this new authority should then appoint separate executive boards for the main sectors of Post Office operation: Post, Telecommunications, Banking and Data Processing.

Members of the Communications Authority should not have executive operational responsibilities within the Post Office, Lord Paddy, chairman of the council, said.

But it would receive and

## Price rises may cut British Steel first-half loss to £50m.

BY STUART ALEXANDER

THE STATE-OWNED British Steel Corporation is believed to have made a loss of about £50m. in the first six months of this year, substantially better than was expected.

But the continuing slow rate of recovery in the economy could mean that the corporation will have difficulty in achieving its objective of breaking even for the full year.

"We are fighting like hell to break even for the year," it said last night, but in heavy investment sectors like shipbuilding and engineering demand was discouragingly static.

The corporation has now presented its half-year results to Mr. Eric Varley, Secretary for Industry. Due to be announced late next week, they will show a steady turnaround from January onwards, helped by four price increases.

Losses in 1975 were £255m., of which £125m. was sustained in the first half as the industry went through the worst year since the inter-war depression. However, by September it was back in the black.

Figures from BSC and the British Independent Steel Producers Association yesterday show total U.K. output in October was 7.4 per cent. up on September at an average of 457,700 tonnes a week, which was also 14 per cent. up on October 1975. This raised the ten-month average for the year to 423,600 tonnes a week, 11.2 per cent. up on 1975.

Output for the year is running at a rate of 1m. tonnes up on 1975, at 21.1m. tonnes, though the lowest figure of the 1970s which, from 26.6m. tonnes in 1973, dropped dramatically in 1974 and 1975.

Consumption in the third quarter rose to 3.91m. tonnes from 3.88m. in the second quarter and 4.07m. tonnes in the first, according to the Department of Industry.

The Common Market Commission in Brussels yesterday approved two new loans for BSC, worth nearly £10m. Four projects to improve anti-pollution equipment at three electric steel works in Sheffield—Aldwarke, Stockbridge and Tinsley Park—would account for £5.6m. The second loan of £4.2m. would be to help pay for research facilities on Teesside.

## Business cars: Finance Act

This year's Finance Act provided for a special method of taxing the benefit derived by an employee from the provision of a car made available for his private use where the car is either not used at all for his business travel, or where its use for such travel is "insubstantial" compared with its private use.

The word "insubstantial" is not defined, its application depending on each case.

However, the Inland Revenue stated yesterday that attention

## New law would force companies to change names

BY MICHAEL LAFFERTY

CORPORATE LEGISLATION requiring the names of all public companies to include a reference to their public status will be introduced by the Government within two years. Other measures considerably amending requirements for annual accounts are also planned.

The new provisions, additional to all existing and proposed domestic company legislation, arise because of two EEC company law harmonisation directives likely to be approved soon by the Council of Ministers in Brussels.

These are: 1. The Second Directive, dealing with the capital requirements of companies, which lays down a minimum capital for public companies of 25,000 units account (£10,000). This will probably be approved in the next few months, after which the Government is allowed two years in bringing British company legislation into line. 2. The Fourth Directive on company annual accounts, likely to be approved by the middle of 1977, or 1978, at the latest. The U.K. will then have 30 months to amend company law.

The requirement for public companies to change their names arises from a Government commitment in the negotiations on the Second Directive in return for EEC agreement that it should not apply to British private companies. The Government has undertaken to introduce legislation requiring companies to make it clear in the title whether they are public or private.

Because of the very large number of private companies, likely to be about 500,000, the Government is believed to favour changing where appropriate only the names of public companies.

Of which there are about 16,000.

The most detailed legislation, which will probably involve a complete revision of the detailed accounting disclosures for annual accounts contained in the second schedule of the Companies Act, 1967, arises from the Fourth Directive.

As a result of it, all British companies will have to adopt mandatory standardised formats in their annual accounts. The directive prescribes two layouts for the balance sheet and four for the profit and loss account, but companies will be allowed some flexibility in their presentation where this is considered necessary to give a true and fair view.

The Fourth Directive contains a series of detailed accounting principles, such as rules that goodwill, research and development, and formation expenses must be written off over five years.

In general these accounting principles are intended to apply only to accounts on the historic cost basis, and so would probably affect only those companies which have not changed to the inflation accounting system, known as current cost accounting, when the EEC legislation comes into force. It is proposed that CCA will be introduced over four years, starting with the accounts of quoted companies, other large companies and the nationalised industries for accounting periods starting after July 1, 1978.

One of the last remaining points of disagreement on the Fourth Directive is over its references to inflation accounting systems, and the extent to which companies producing inflation accounts should give historic cost information.

The requirement for public companies to change their names arises from a Government commitment in the negotiations on the Second Directive in return for EEC agreement that it should not apply to British private companies. The Government has undertaken to introduce legislation requiring companies to make it clear in the title whether they are public or private.

Because of the very large number of private companies, likely to be about 500,000, the Government is believed to favour changing where appropriate only the names of public companies.

## Young managers are 'driven overseas'

BY TERRY WILKINSON

A WARNING that the growing disparity in rewards to young managers in the U.K. is driving them overseas and making it impossible to bring them back has been issued by Sir John Read, chairman of EMI, in the group's annual report and accounts.

Sir John said in his review: "In the U.K., because of necessary income restraints, at the present time, proper differentials between various grades of employees have been eroded. Irrespective of the varying degree of responsibility carried. The burden of taxation has driven many young managers to work outside the U.K. In consequence, many British companies—and EMI is no exception—are finding that they have two groups of management: the group outside the U.K. enjoying high rewards and high standards of living; and the U.K. group penalised by savage personal taxation and financially frustrated in consequence."

"Moreover, it is becoming almost impossible to bring overseas executives back to the U.K. for permanent posting."

Sir John added yesterday: "An international group such as EMI can be successful only if top management is aware of multinational problems. These executives—and this must apply to 20 or 30 companies like ourselves—can't be got back even with promotion."

EMI Report, Page 24

## Europe 'can stay centre for textile machinery'

BY RHYS DAVID, TEXTILES CORRESPONDENT

EUROPE can remain the principal world centre for the development of textile machinery but only if the industry is able to make sufficient returns to justify heavy expenditure required on research and development.

This was claimed yesterday in Manchester by Mr. Edward Small, managing director of Stone-Platt Industries, Britain's biggest textile machinery manufacturer, at a conference organised by the Textile Institute.

"If the large international textile companies use their buying power responsibly and thereby consistently depress the margins of the machinery maker to vanishing point, then that machinery maker will no longer be able to support heavy research and development costs necessary if he is to serve the user industry properly."

Mr. Small called for greater co-operation between textile producers and machinery makers.

"The textile producer, who has new and possibly patented processes, tends to be over-protective about his development with a view to keeping it in house. Mutual prosperity is often best served if the textile producer and the machinery maker get together at an early stage to develop and exploit new technologies on a worldwide basis."

## Takeover volume rises in third quarter

BY DONALD MACLEAN

EXPENDITURE ON the acquisition of industrial and commercial companies rose to £2,081m. in the three months to the end of September of this year, from £1,923m. in the corresponding period of last year.

The overall figures however, conceal a marked swing between the second and third quarters towards the acquisition of independent companies—a move, largely balanced by a fall in sales of subsidiaries between company groups.

88 a year earlier, while the number of acquiring companies rose to 86 from 81 in both the previous three months and the corresponding period of last year.

The number of companies acquired was 95 compared with 83 between April and June and

## Trade gap 'could improve'

A STRONG IMPROVEMENT in the balance of payments next year is forecast in a report on the economy produced by Economist Information Services, a new economic research and forecasting group.

The report raises doubts about the weekend report in the Financial Times that the Treasury forecasts show a £2bn. increase in the projected public sector borrowing requirement for next year.

"This would be somewhat surprising if inflation is revised upward by at least 3 per cent., increasing tax revenues substantially, while cash limits on government expenditure and strict control of the public sector borrowing requirement are maintained."

The report warns the visiting International Monetary Fund team against imposition of excessively restrictive monetary targets, and says that if it would be a mistake to deflate the economy further because of the effect on investment.

It claims that the fall in sterling is necessary to restore the U.K.'s trade competitiveness. It expects the exchange rate to continue to fall until the third quarter of next year, but then to stabilise at about \$1.56.

## Miners reject industrial action over retirement

BY ROY ROGERS, LABOUR CORRESPONDENT

MINERS LEADERS yesterday decided to go for retirement at this time, Mr. Gormley said, he headed off a Left-wing bid to bring them into confrontation with the National Coal Board over their demands for early retirement.

By a majority of 15 to eight, with two abstentions, the National Union of Mineworkers executive has been called for a special meeting of the NUM for an immediate ballot in which miners would have been asked to place executive power to industrial action if the claim for retirement at 60 is not met by January.

The militant move was proposed by Mr. Arthur Scargill, president of the Yorkshire miners, who put the view that pressure should be applied because little progress was reported yesterday from a joint study group set up with the National Coal Board.

Mr. Joe Gormley, the NUM president, said yesterday that the study group was merely looking at the different options available and that negotiations had so far taken place.

The NUM annual conference decided to go for retirement at this time, Mr. Gormley said, he hoped the executive would be in a position to recommend acceptance although that depended on the NCB offer.

Both the Government and the NCB have shown some sympathy for the miners' claim, but the Government has underlined that the pay policy precludes any special arrangements for those who have yet to be decided how any scheme should be financed.

The NCB has prepared a voluntary scheme under which retirement age would be reduced to 60 on a phased basis. But the Board wants it restricted to miners with 26 years' service underground and does not envisage any special earnings protection for those volunteering for early retirement.

NUM moderates, led by Mr. Gormley, hope that some sort of offer, possibly along these lines, will prove acceptable in the ballot which, as a result of the NCB's offer, is expected to be an annual conference decision, must take place by the end of the year.

## Jaguar line to restart to-day Government 'beaten by union pressure'

BY ALAN PIKE, LABOUR STAFF

THE Government was accused yesterday of surrendering to pressure from the Confederation of Shipbuilding and Engineering Unions to exclude a non-TUC organisation for managers from consultations on the nationalisation of shipbuilding.

Officials of the Shipbuilding and Allied Industries Management Association gave a warning that their members "may be forced to react strongly should they continue to be denied consultation or should their interests be attacked."

The association claims to represent 60 per cent. of management staff in the shipbuilding industry. It says that Eric Varley, in Secretary of State, the organising committee preparing for nationalisation, are refusing to meet its representatives.

Association members lobbied MPs yesterday during consideration of the nationalisation bill in the Commons.

The association said in a statement that since its formation last year branches had been established in most of the companies scheduled for nationalisation. Managers felt they would be a small and uninfluential minority in any of the established TUC unions and concluded that none of these was suitable to represent their interests.

Despite receiving a certificate of independence under the Employment Protection Act it has been denied the facilities made available to other unions. The management association claimed.

Refusal by Mr. Varley and the organising committee to deal with the association results from the hostile attitude of confederation unions "despite the fact that those unions have little or no membership among managers in the industry and cannot therefore validly claim to represent them."

The confederation, claimed the association statement, had given a warning that any encouragement or recognition of the association would provoke a hostile reaction. "The Secretary of State for Industry has intervened with the organising committee to discourage them from dealing with the association."

## 'Whitehall bureaucrats' attack by Chapple

BY OUR LABOUR STAFF

"WHITEHALL bureaucrats" who maintain the number of civil servants under their while other public service workers are thrown on the dole were attacked by Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union yesterday.

Writing in his union journal, Mr. Chapple says that substantial pruning in public spending is possible, but stresses that "cuts in administrative and bureaucratic overheads would soften the effect on real public service."

In terms which will be unpopular with members of Civil Service unions, he declares: "The elimination of obscure projects and esoteric functions such as proliferate throughout Government services would not only be a saving, but would be a stimulus to workers who have productive sectors was changed."

observed the wanton waste of public money and concluded that the Government cannot really meet its budget.

When local authorities cut back, dustmen and road sweepers got the sack, while planning committees and Whitehall bureaucrats protected the departmental staff quotas that governed their position and income.

"I know that inside the Labour movement this view will be held to be divisive, but the severity of the crisis with which the country is faced is too serious to be fudged."

Britain was destined for a steady and painful decline unless productive members of society received their proper reward and the relationship between the productive and non-productive sectors was changed.

## Trustees concerned over pension proposals

BY ERIC SHORT

THE ASSOCIATION of Corporate Trustees has expressed its concern to Mr. Stanley Orme, Minister of State for Social Security, over the Government's proposals for member participation in occupational pension schemes.

It emphasised that the trustee, or body of trustees, sole concern is the interests of members and its independence must be unfettered. It felt that the proposals could subject trustees to controls beyond the trust deed and general trust law and this was a matter of vital concern.

The Association also questioned the Government's proposal to legislate for the provision of information concerning the pension scheme. It considered that it would add greatly to the costs of trustees, and general advice and administration and felt that it would not be of much value to the ordinary member of the scheme.

It recommended that a code of conduct would be much easier to operate than attempting to cover all aspects of pension matters by legislation.

## Callaghan urged to ration petrol

PETROL RATIONING and the abolition of tax benefits to company car users were urged yesterday by the Transport and Environment Group, which claims to represent some 5m. people in 28 national organisations ranging from Friends of the Earth to Women's Institutes.

In a letter to the Prime Minister, Mr. Peter Mansbridge, the group's chairman, suggests reintroduction of petrol rationing to make motorists think twice before using cars.

## Protest over port closure plan

DOCKERS from many parts of the country joined marchers in Preston yesterday to demonstrate against proposals for a phased closure of the town's port.

The Transport and General Workers' Union gave a warning that closure would be catastrophic both industrially and socially. Mr. Tom Cronin, national docks and waterways secretary, offered Preston Council the union's co-operation in finding ways of making the port pay.

Although the finances of the port might be a cause for concern, the union was not convinced that the proposed closure was either logical or justifiable.

At Hull, an unofficial strike by dockers over manning continued yesterday but that men were expected to be back at work today. On Wednesday, a special task and 26 ships have been made idle by the action.

Falkstone ferry crews continued an unofficial strike after the failure of talks between the National Union of Seamen and

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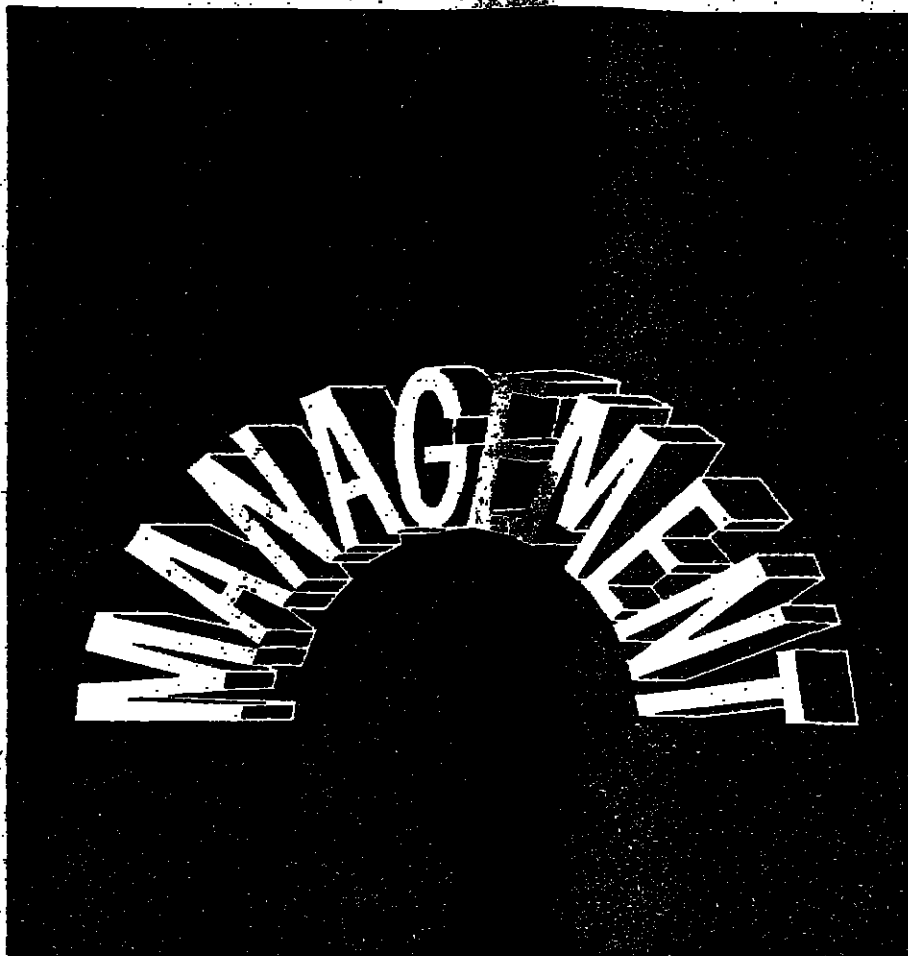


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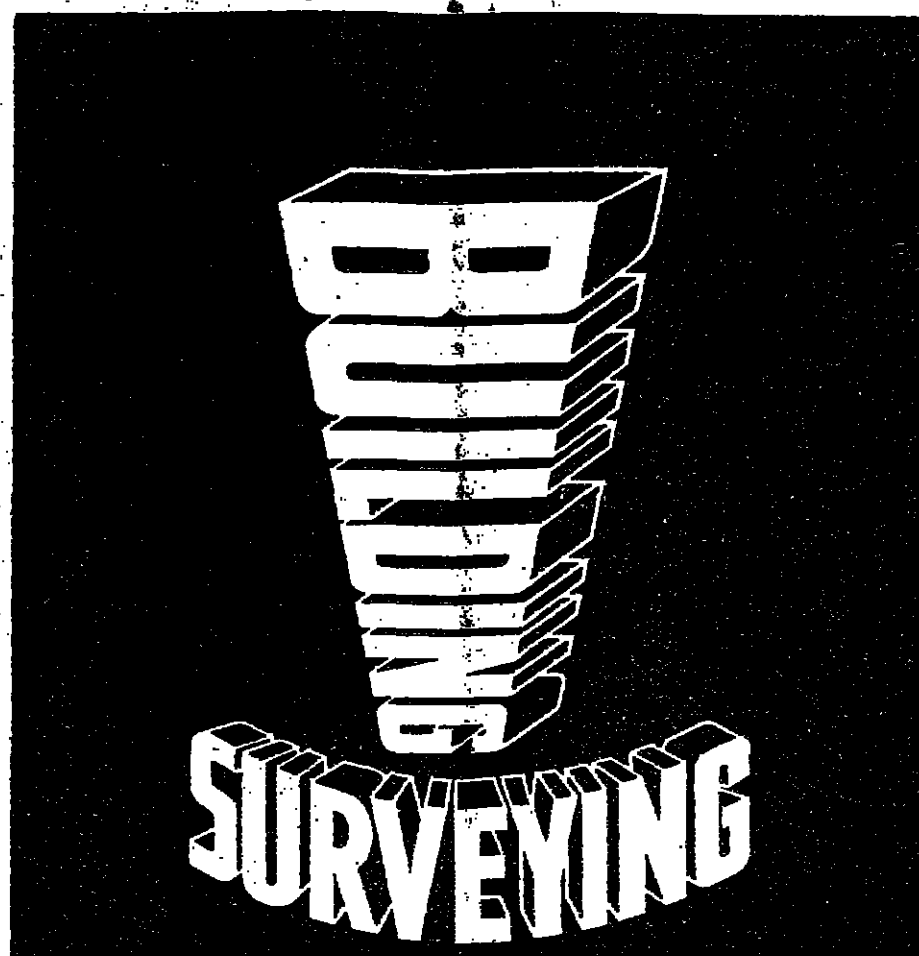
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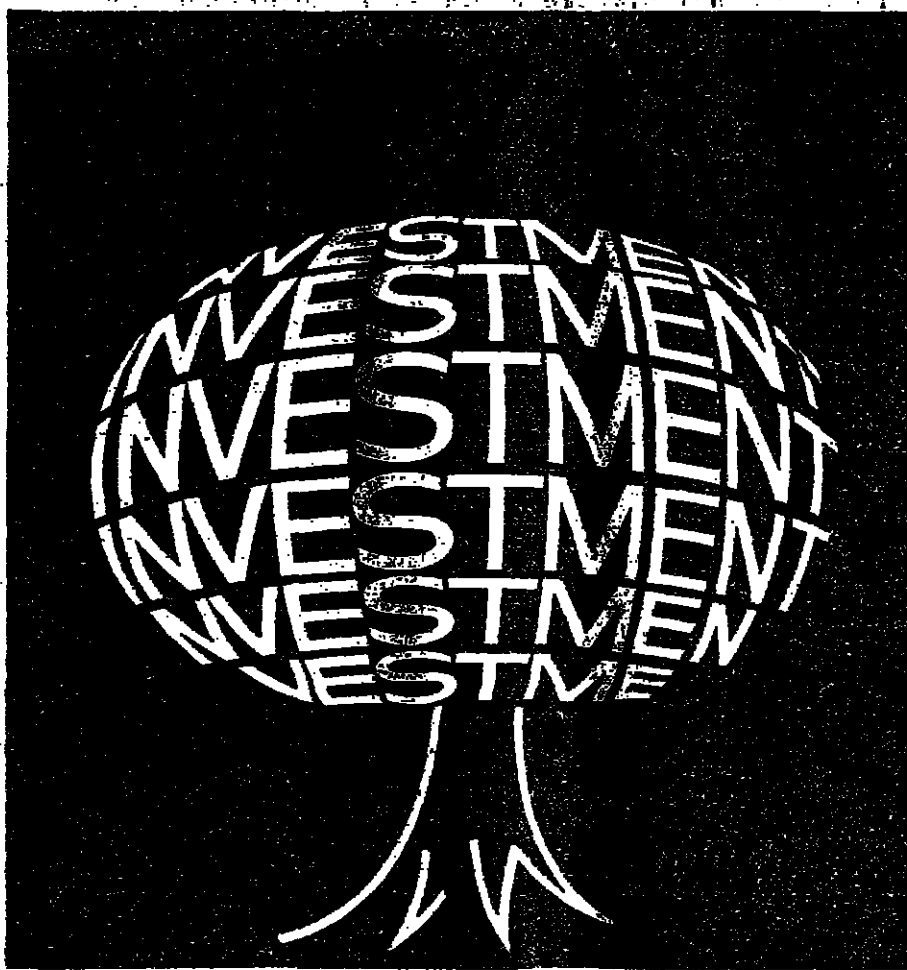
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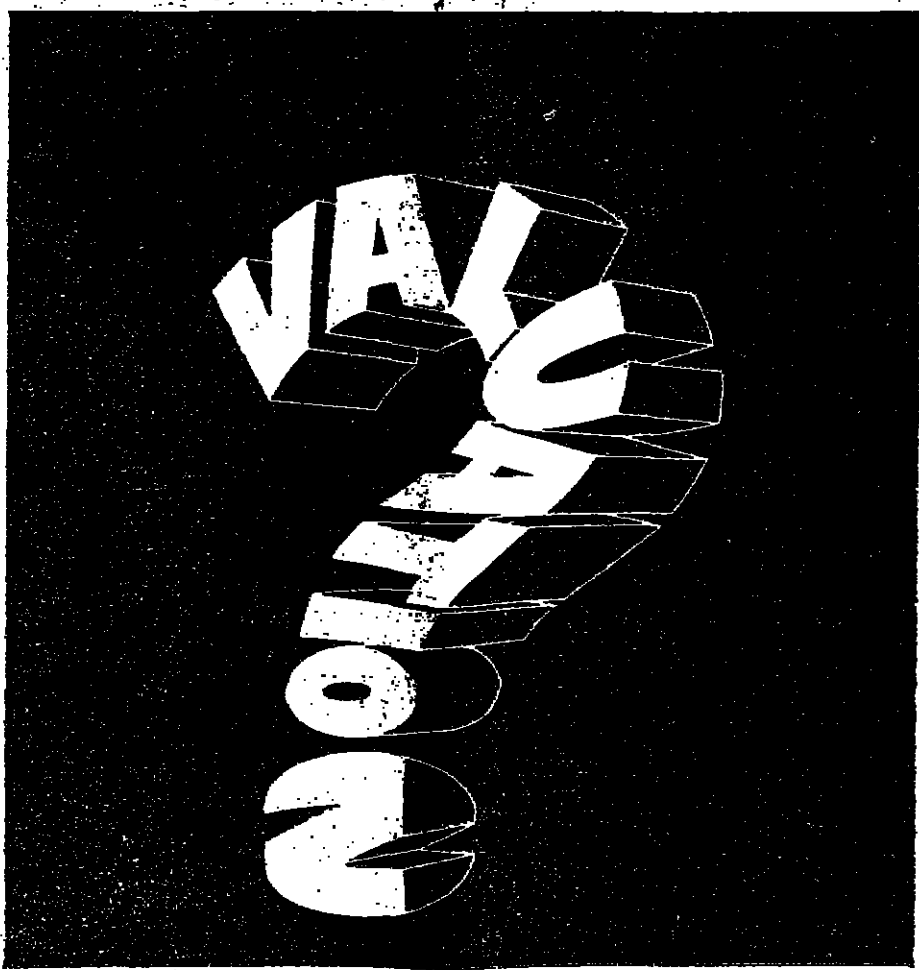
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## Institute of Directors Convention

WITH TWO by-election victories and two Government defeats in the Commons under her belt, Mrs. Margaret Thatcher was in an ebullient mood yesterday when she addressed more than 2,000 members of the Institute of Directors at the Albert Hall in London.

The leaders of British industry heard Mrs. Thatcher tell the Government that since it no longer had the authority to govern it must go.

Mrs. Thatcher's attack on the Government was one of the few stirring features of the day. Most of the other speakers adopted a downbeat approach to the economy and the way in which it has been run.

Sir Richard Dobson, chairman of British Leyland, told the Institute that if Leyland

were to survive it must have discipline and a "command structure." It could not be managed by a Parliamentary Committee, civil servants, or the National Enterprise Board any more than any company could be managed by its shareholders. It would have to have a leader.

However, Mr. Paul Johnson, former editor of the New Statesman, was warmly applauded for a speech which was critical of the closed shop, though Mrs. Thatcher was notably cool in her remarks about him. "Don't criticise political parties—join them and work from the inside," she advised.

About 2,000 directors attended the convention, which was higher than last year. But the figure still compares poorly with the 5,000 who crowded the Albert Hall as recently as 1974.

## This Government must go, says Mrs. Thatcher

THE GOVERNMENT no longer had authority and could not govern much longer, Mrs. Margaret Thatcher told the annual convention of the Institute of Directors yesterday.

Against the background of last week's two by-election defeats for the Government and the defeat on two divisions in the Commons early yesterday morning on the Dock Work Extension Bill—the Government "must go," she declared.

After an impassioned speech by Mr. Paul Johnson on the "closed shop" issue, Mrs. Thatcher said that any person expelled from a union should have the right to take his case to the courts.

"We cannot carry on with a system where it pays a man more to stay out of work than to go to work."

### Public spending

Mrs. Thatcher attacked the present state of the "mixed economy." It had become a "non-sense phrase" and had been used to justify the extension of Government into almost every aspect of business.

"The mixed economy has produced a situation where the investment, pricing and wages policies of private enterprise are forced in response to political rather than economic considerations."

The growth in Government has resulted in a substantial rise in public spending.

"Public ownership has been extended, and more taxpayers' money has been pumped into

companies that no prudent banker could go on supporting for long."

Government spending was now so high "that we have penal levels of direct taxation and a system that discriminates savagely against income from private savings. Yet despite these levels of taxation, the Government still needs to borrow on a massive scale."

"It has been obliged to pitch interest rates at a record post-war level. Even this has not been enough, and the Government has resorted to printing money to try to pay for its own spending."

### No alibi

"The living standards of entrepreneurs, managers and skilled workers have been squeezed by the impact of taxation, salary controls and inflation." There was now a sense of despair and hopelessness among the wealth-creators.

"They perceive the increasingly political character of the business world while they, along with many others, bear the personal cost of financing more Government. The matter can be put quite simply. There is a vendetta against success. That is the tragic truth."

A Conservative Government, in approaching the economy, would be more precise about what the "mixed economy" really meant. It should not be the alibi for endless political intervention. It should define the respective roles of the State and the individual.

The true characteristic of the mixed economy was the recognition that Government had a considerable but limited role—and the larger private sector should flourish and expand in response to the choice of the consumer within the framework of public law. On the Government side, this involved setting priorities.

First, there was the overriding commitment to external and internal security. "Second, there is a long British tradition of community provision for education and welfare."

"Third, successive British Governments have assumed a responsibility for the financing and ultimately the management of a range of public utilities."

"I have just outlined is substantial. It is large-scale public purchasing that obviously spills over into the private sector, although that purchasing should be commercial in character."

### Substantial

"The private sector should not operate alongside the substantial but clearly defined areas of central and local government, and public authority activity."

"In that sense we should have a mixed economy where a large profit-motivated private sector co-exists alongside a substantial but defined area of government activity."

An imperative need existed to stop the growth of Government and to re-establish urgently just what its functions were.



Mrs. Margaret Thatcher: A call to the Government to go.

## Lord Briggs gives his education plans

THE INITIAL stages of education must be sound, said Lord Briggs, Provost of Worcester College, Oxford. He listed six points.

First, unless these early stages were sound, there was no access to anything else. "The community must be prepared to put money there."

Secondly, however many choices were introduced into secondary education, there must be a balance between specialisation and general studies.

"I do not believe that we can ignore the imperative claims of securing a grasp of our own language, of the language of mathematics and of at least one foreign language."

Thirdly, in the moves from secondary to higher education, qualities, including motivations, should be taken into account as well as abilities.

"Institutions of higher education should be diverse, offering not one route but many."

"Above all, they should not concern themselves solely, or even mainly, with the preparation of the next generation of academics—a new minority in a new society."

Fourthly, every effort should be made to get rid of the "false antithesis" between specialist knowledge and general knowledge. "The objects must always be to tap full potential."

Fifthly, in the shaping process, there should be a balance between the critical and the constructive. "Education could not be properly conceived of as a process of fitting people into either existing industry or existing society."

On his sixth point, Lord Briggs said that the education process, by its very nature, was long-term. "What happens in one part of the educational process inevitably influences what happens in another even though people involved in teaching at different stages often tend to be

## 'Freedom' Leyland needs menaced by union demands' to survive

THE union closed-shop battle, discipline and a "command" was a great testing point, said Sir Richard, chairman of British Leyland, who told the convention.

"There are times, these days, when anyone who loves this country must close its eyes to its own history," Sir Richard said.

"It is more to dispel this mood of despair than a really rousing campaign to fight the enemies of our traditional freedoms of the shop."

"Nothing would light so many candles of hope in British hearts as the establishment of the closed shop as a legal practice was abolished."

"If the fight to prevent the establishment of the closed shop as a legal practice was abandoned, I fear the friends of British Leyland will lose heart and the company will have already lost its competitive edge."

There are already many, even in the great political parties, who believe the unions are a menace to peace and productivity in the country."

"Maybe they are right. Maybe the unions are now too powerful. Maybe they are now too powerful."

"The closed shop is a menace to the working class in the British Leyland industry. It is a menace to the working class in the British Leyland industry."

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## Government All industry must truly blame

IT WAS governments, not managements, that had brought Britain into its present parlous state, Mr. Denis Randolph, chairman of the Institute of Directors, told the convention.

"The climate so that we can get this nation back on its feet again. We, the business leaders, know what should be done. The country simply can't go on living beyond its means in a competitive world."

"The country is 'plagued' by small misfortunes with power far beyond their size, who, for their own political gain, want chaos for they believe that but of chaos they will rule."

"Everywhere we look there are changes, some good, some not so good, depending upon one's point of view. New products, new and ever faster methods of communication are two examples."

"There are new Government departments, usually clummiest than the ones they replace, new counties with strange names, and old counties with new names."

"In Britain we have new taxes and new and usually higher rates on old taxes," Lord Erroll said.

TRADE UNIONS had become so "fiercely protective of their members' pay packets," largely to the exclusion of other concerns and accountabilities, most noticeably to the rest of society."

"One side of this clearly in the unbalanced industries, where not only are employer accountabilities inevitably weakened, but where strikes hurt most of all, not the people in charge—as strikes were designed to do—but the unfortunate public."

"He believed that there should be a shift towards seeing the whole of industry as a service to humanity and away from seeing it as an organisation from which a limited group—perhaps a few managers or workers—extracted what they could."

"In 25 to 50 years' time, both sides of the industry will look back in horror at the state of the country in 1976. The only question is whether change their minds or not."

"One of the burning topics of the day was race. Bringing together the two aspects of 'love' and 'truth'."

"The bulk of the speech was devoted to the influence of ideologies on economic relevance and comings. He pointed out, for example, that the 'solution' to the problems of incentives, equity, economic growth, avoidance of inflation as a maintenance of a high level of employment is not in my likely to be furthered by reference to a somewhat quoted social philosophical notion of the 'repetitive' slogan. A high level of employment does not necessarily do it as quickly as people claim. On the hand, there is little evidence that it promotes equality—by redistributing the income, or indeed, or indeed."

### Laws a burden for everyone

"WE ARE constantly burdened with new legislation, usually restrictive even to those for whom it is designed to help."

Lord Erroll, president of the institute, declared, opening the convention.

"Everywhere we look there are changes, some good, some not so good, depending upon one's point of view. New products, new and ever faster methods of communication are two examples."

"There are new Government departments, usually clummiest than the ones they replace, new counties with strange names, and old counties with new names."

"In Britain we have new taxes and new and usually higher rates on old taxes," Lord Erroll said.

### No acceptable alternative

"IF WE WANT sound economics, sound morality, a sound country, we must have sound people, and there is no workable acceptable alternative to that," said the Very Reverend Martin Sullivan, Dean of St. Paul's.

"One of the burning topics of the day was race. Bringing together the two aspects of 'love' and 'truth'."

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### STAMP MEMORIAL LECTURE 1976

## Sir Eric Roll blames 'ultimate principles' in economics

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ULTIMATE PRINCIPLES—whether of pure free-market doctrine or collectivism—that a new political economy should be developed which would have a substratum of theory highlighting the concern in the practical economic-political debate, Sir Eric Roll argued in London last night.

In the London University Stamp Memorial Lecture, Sir Eric said: "The intellectual usually not in practical terms is the new fashion of relating current policy prescriptions to pure free-market doctrine, helpful."

"I consider the changes of collectivism as equally inappropriate. Indeed, since the latter have more chance in our society to influence action than the former, they are more dangerous."

"Both derive from what is no doubt a deep-seated human urge, namely, to have simple formulae that can be taken as axiomatic and that avoid the painful choice between practicable alternatives—practicable in terms of the social, political and, indeed, economic realities. In the extreme cases of price/free-market fervour (and in much of extreme monetarism) there is also evident the desire for automatic decision (ostensibly out of distrust of the capacity and disinterestedness of the decision-makers) which regard as ultimately inimical to the evolution of a rational and civilised way of dealing with these matters."

Sir Eric, who is now chairman of S. G. Warburg and Co., an independent member of the National Economic Development Council and a former

senior civil servant, asked whether there was any hope that a new political economy should be developed which would have a substratum of theory highlighting the concern in the practical economic-political debate, Sir Eric Roll argued in London last night.

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### ART GALLERIES

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# If you've a problem we'll give you a hand, or a harvester, or a computer, or...

By supplying expertise or hardware, we help a lot of people solve their problems - in the UK, Europe, and throughout the world.

We can do this because we're a Corporate Entity. We think that's a good thing to be. There are strengths and advantages - the cross flow of ideas, the exchange of information, the strength of unity, and the muscle of investment, giving all within the group a real chance to grow.

But the disadvantage of being a Corporate Entity is that some people who would be helpful to, or could be helpful to, don't know who or what's what within the organisation.

Since we'd like these people to know who and what, we're presenting a list of our activities.

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But you don't have to be a factory, or a railway, or an airline, or a bank, to call on us for help, although you are any of these, we can drop a few names which will reassure you as to our qualifications.

And we're interested in your offices. They contain the brain cells of any industry and working them can be efficient and exhilarating or plain old drudgery and muddle.

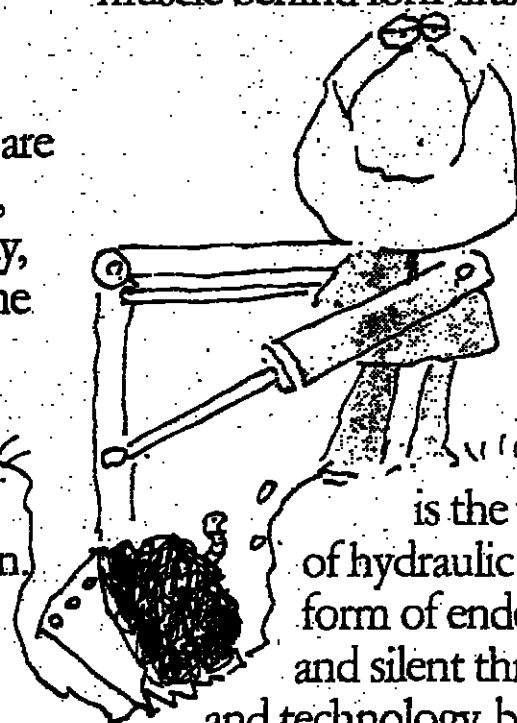
We make computers and machines which enable the first of the alternatives to be achieved - equipment varying from simple filing systems to complex management information systems.

Filing may not sound glamorous, but to the person who's stuck with it it's as important as coming to the affairs of a world-wide banking concern, so we do our best for both of them.

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Fifty years ago Henry Vickers invented the first efficient low-cost high pressure pump for hydraulic control systems. (Just as well - in order to raise the wheels of a modern airliner by muscle power, the interior would resemble a slave galley, and you could forget about such luxuries as passengers.)

Today Sperry Vickers hydraulics provide the muscle behind fork-lifts, earth-movers, cranes, and other industrial 'heavies' - inside the factories Sperry



Vickers pneumatics provide the precision control for such delicate operations as plastic injection moulding and machine tool operation.

In fact, Sperry Vickers is the world's largest manufacturer of hydraulic pumps and valves. It's a form of endeavour which runs unseen and silent through every part of industry and technology, but though unseen (if you'll permit a joke), we've got a lot of push.

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Until recently bad weather made airports shut shop and left aircraft seeking frantically for a bare patch to bump down on.

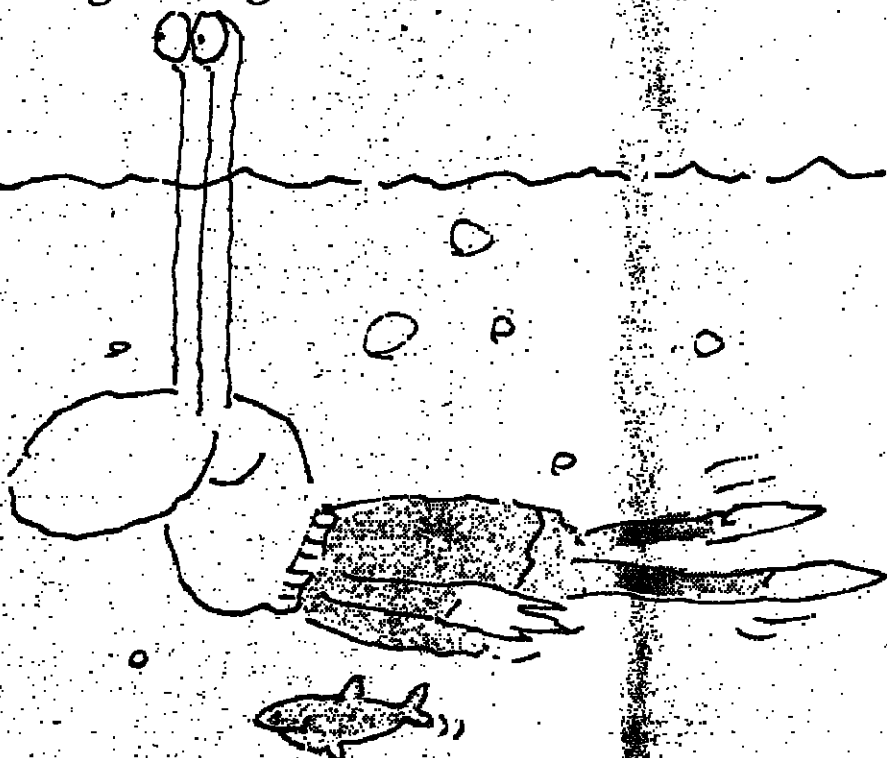
Today, Sperry automated landing systems assure safe touch down even under zero visibility.

And our Sperry Univac Automated Radar Terminal Systems cope with what was once thought to be the insoluble - the ever-increasing masses of aircraft occupying an ever-diminishing amount of air space.

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Sperry New Holland is the largest manufacturer of specialized agricultural equipment in the world. One of our 'firsts' was an automatic baler which revolutionized hay-making, and we turn quite a few heads with a harvester that allows one man in one machine to harvest six tons of grain an hour - 60 tons on a good day!

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Beyond the physical presence of the durable, versatile machinery we produce is the promise of increased efficiency in the handling of precious resources, more food for a hungry world and a bit more ease for the farmer's aching back.

It's what we mean when we say 'making machines do more, so man can do more'. And if giant harvesters aren't quite your thing - we've probably got something going in your bathroom. The next time you're shaving, reflect - you're using a shaver from Sperry Remington.

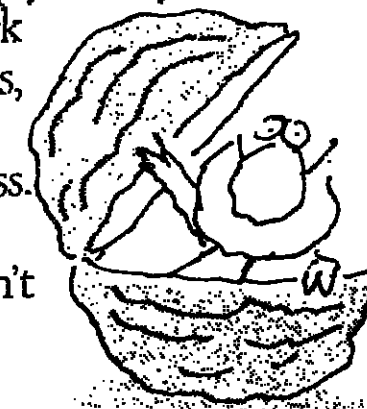
If you're not, you're using the wrong shaver.

## In a nutshell - Sperry

Sperry is a Corporate Entity comprising six successful divisions. Sperry, Sperry Flight Systems, Sperry Univac, Sperry New Holland, Sperry Vickers and Sperry Remington, creating wealth, work and work opportunities with 17 factories and over 23,000 employees in 15 European countries; six major plants and over 6,600 employees in the UK alone.

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so man can do more.**









# What are you buying your chauffeur for Christmas?

You may well still be in time to treat him to a Peugeot 604.

The 604 is a spacious, beautifully appointed luxury motor car and it's because of this, that an increasing number of discriminating motorists now choose it.

In a recent road test comparison, for example, the highly critical 'Car' magazine pitted our Peugeot against the Jaguar XJ3.4 and BMW 528.

Overall, their choice was the Peugeot.

Of the handling and roadholding they said it "combines a similarly outstanding ride to that of the Jaguar with marginally greater roadholding in the wet."

They went on to describe the power-assisted rack and pinion steering as having "a delicious precision feel to it, making the car feel eminently driveable."

Orthopaedically designed seating, outstanding legroom in the back and high rear roofline caused 'Autocar' to comment "all told, the 604 surely offers about the best back seat comfort one can buy, second only to the Silver Shadow."

For all its armchair luxury, the 604 is hardly lacking in performance.

The 136 bhp V6 engine whisks the car to

118 mph while returning fuel consumption figures of up to 23 mpg.\*

The specification is no less than you would expect from a car in this class.

All models have four electrically operated windows, subtly tinted glass all round, an electric sunroof, superb quadruple halogen headlights and power steering.

Individual rear interior lamps, head restraints, convenient inertia reel seat belts and a quartz crystal clock can be taken for granted.

Prices begin at £5,571 for the manual gearbox model and run to £6,683 for the automatic 604SL complete with hide upholstery and air conditioning.

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\*Factory computed figure. Prices correct at time of going to press.

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10/11/76



# The Property Market

BY QUENTIN GUIRDHAM

## Coats Patons lets 1m. sq. ft. to Carreras Rothmans

Half a million square feet is a major industrial letting in any year, and at this time it is exceptional. What makes the Carreras Rothmans decision to take space at the Patons and Baldwins complex in Darlington even more interesting is the short time the hunt for premises has been on — the decision on this fourth U.K. cigarette factory was only finalised in August. The urgent search for suitable premises in the North took in about half a dozen possibilities, including the Thorn works at Skelmersdale and the factory built for, but never occupied by, Schreiber at Runcorn.

The decision to go to Darlington was, it seems, based largely on labour considerations. But the fact that the plant, with some extensive alterations, including the provision of more offices, is considered suitable for an investment reckoned at £8m. for the first phase is a tribute to the way the space was constructed 30 years ago.

This was a post-war "super factory," totalling 1.8m. square feet, and built between 1947 and 1952. The idea was to take Patons' production out of several multi-storey, worn mills and put all production processes, from the fleece to the finished dyed knitting wool, on one site.

Lately, with the development of synthetic fibres, the Coats Patons group sees a number of smaller, self-contained units, as the best answer to the complexity of new production techniques.

It has, however, retained 500,000 square feet of warehousing and offices on the site. Of the million square feet remaining, the previous letting was to British Steel Corporation for 85,000 square feet of warehousing. The asking rent on the 506,000 square feet unit which has gone to Carreras Rothmans was £304,000 and on the various units of the 400,000 square feet still being offered the range is also about 60p a square foot. On the big unit, the actual rent agreed, with the improvements taken into it, is thought to be a bit below 60p and the lease to be 35 years.

Coats Patons, which yesterday announced interim profits up from £16.2m. to £31.9m., and agents A. J. Kline and Co. and Sanderson Townsend and Gilbert, can thank the boom in king size cigarette sales at home (since the price reductions three months ago) and abroad for this notable letting. In the initial stage the factory will employ 400 people, and this figure will eventually rise to 1,000 people. The building is expected to be completed in a month. The agents acting for Carreras Rothmans were Jones Lang Wootton and Clive Lewis and Partners. Not of the same size, but nevertheless a fine industrial investment, is the purchase by Prudential Assurance from another life company of the 130,000 square feet of warehouse and industrial accommodation

## Orchard-Lisle's half-century

Those who do 50 years with the same firm must have some good reason for it. Joining up in General Strike year might leave a lasting impression that the best thing to do with a job is to hang on to it. Or you might just like the work. With Aubrey Orchard-Lisle, who completes a half-century at Healey and Baker, the latter motive clearly dominates. But his flair in property has always, so one's told, been balanced by a decent sense of caution. These are some of his current opinions.

That yearly valuations are usually "unmeaningful. I don't think you can draw any real conclusions from annual performance." Expense is another factor which inclines him towards triennial valuations, which he thinks are quite good enough for the shareholders of public companies as distinct from property bonds.

That over the past 30 years



Orchard-Lisle: "I don't think you can draw any real conclusions from annual performance."

the investment choice between shops and offices has been a tortoise-and-hare race, and Orchard-Lisle thinks the tortoise (shops) will at least catch up. He likes the fact that 80 per cent. of a prime shop value may be in the site, "and an empty shop 20-30 years old will still let without expenditure — what about some vacant 20-30-year-old office buildings?"

That while the immediate outlook for values may be uncertain, he remains confident (with a few provisos, like conquering "the fetish for the South East") for the medium and long-term.

Scarcity (of prime investments)

West Midlands local authority, the day that Douglas Tower of funds, Save and Prosper — are of fairly disparate size or stage of development. He feels there can be no better problems in advisory responsibility for major funds.

These views emerge from a lifetime in property, a career which took him to the top of Healey and Baker (senior partner for nine years (1957-66), now an active consultant partner), and which began with the and Ernest Owers (now Ernest Owers and Williams) in Hampstead a job in which his immediate successor — a fact these pair only discovered much later — was Maxwell Joseph. Those of the men Orchard-Lisle knows talking of were expansionist retailers of the 1930s — Sir Montague Burton and Sir Henry Price, both dead now, but then in their prime, the early rivals of the menswear trade, and Sir Jack Cohen, then the young boss of Tesco.

Burton, "a remarkable man, quite different from Price, a bit of a mystic, an introvert, I would know precisely what he reckoned should be paid per foot for those pub frontages which grew him his corner sites. In contrast, the more extrovert Price would never tell Orchard-Lisle who is a trustee of the Price family settlements) what to pay when buying for his family interests. "Will it double its price in 12 years?" was always his question. And with Cohen — "We've let him six shops in the course of the afternoon" — Orchard-Lisle remembers that, with various landlords, prepared to give him strings-out costs. Cohen would spend only a bit of that on a roller shutter front for the shops.

Among the post-war names which crop up are Jack Cotton, Sir Charles Clore, Lord Samuel (I suppose it is arguable that the most significant event in this period, when one considers the Baker's funds — the National Coal Board schemes, the Cheshire and shape of British industry, was

## OUT AND ABOUT

The lease on the St. James's Club, 108 Piccadilly, which was sold to the Haycraft Trust, which is responsible for the language school operation called English International. (International House). This, architecturally, is one of the most distinguished

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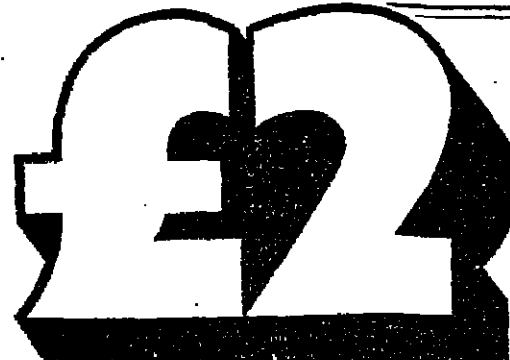
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## Speaker explains voting precedent

THE SPEAKER, Mr. George Thomas, yesterday spelled out for the Commons the 19th century precedent which saved the Government in three crucial divisions the previous night.

Mr. Thomas, asked by Mr. Peter Emery (C., Hants), for the reasons behind his decision to give his casting vote to the Government, stressed that Parliamentary practice gave him absolute discretion in voting MPs' votes were tied.

But he quoted an 1882 precedent from Erskine May when, in similar discussion on Lords amendments, the Speaker supported the Bill as passed by the House of Commons.

"In the light of such a clear ruling no occupant of the Chair could possibly depart from it," he said.

Mr. Thomas complained about the media's habit of referring to the Chair's casting vote as being "for or against" the Government. Although this might be its practical effect, it would be wrong to assume that the Chair gave any consideration to the effect on Government policy of its vote.

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## Export Year

BY MIDDAY on November 9, 721 organisations had notified their intention of running an Export Year. Mr. Michael Meacher, Under Secretary for Trade, reported in the Commons yesterday.

Among these were 33 of the top 100 exporters, either as complete groups or through important subsidiaries and which extended the coverage to well over 800 units and to a very large number of employees.

## Value of £

THE POUND now is worth only seven pence if its value in 1914 is taken as 100 pence, Treasury Minister, Mr. Denis Davies, told MPs in a Commons written reply yesterday.

# Callaghan promises salvage operation

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN, in a political Armistice Day appeal, yesterday urged the dockers not to take industrial action because of the wrecking of the Government's Dock Work Regulation Bill.

The Government would accept its Commons defeat but would salvage what it could of the legislation, he said. "If we can preserve what features remain of the Bill, we stand the best chance that the situation will remain calm."

Mrs. Margaret Thatcher and the Tory ranks appeared slightly shaken—though whether by the idea of a dockland revolution or the Prime Minister's insistent pacifism was unclear.

Would he be a little bit more explicit about the Cabinet's intention? the Tory leader demanded. The Bill could not become law in its present form because it was "senseless."

It was a little late for her to admit that the Tory amendment had made a nonsense of the measures, Mr. Callaghan retorted to Labour cheers.

But the Commons had taken its decision and "we shall have to see how sense can be made of it," he added. What made the Bill a nonsense, Mrs. Thatcher replied over the Labour shouts of "you, you," was the Government's failure to accept the full consequences of the Commons vote.

This was no mere matter of party games, Mr. Callaghan snapped. There was too much inflammable tinder around that could be lit by an irresponsible Opposition.

The legislation had been introduced to resolve industrial bitterness and dispute. "It ought to be in the interest of every MP to ensure that does not flare up."

Mr. Callaghan recalled that dockers had had to fight with their fists for a day's work in the past, and Mr. Eric Heffer, the former Industry Minister, added that many Labour MPs for dock areas had been restraining the dockers for a long time on the promise of this legislation.

Repeating his plea for moderation, the Prime Minister assured the Commons and the industry that the Government would have to return to the issue.

Mr. David Steel, the Liberal leader, refused to be subdued, however. "It is a very good thing that the House of Commons is asserting itself," he declared. There had never been any public support for legislation to the exclusive advantage of one group against others.

That roused a Tory cheer and Mr. James Prior, the party's spokesman. The Bill itself would have provoked industrial unrest, he claimed. If the Government wanted peace would it not have been better to seek the co-operation of the Opposition for measures that would have protected the dockers without destroying the jobs of others?

What alternative had he in mind? Mr. Callaghan queried with interest. Mr. Prior declined to say and was angrily jeered for his silence.

## Chief Whip's vote appeal

THE DOCK BILL defeats occurred when two Labour backbenchers, Mr. Brian Walden (Birmingham, Ladywood) and Mr. John Mackintosh (Berwick and East Lothian) abstained.

Both Mr. Walden and Mr. Mackintosh received several appeals from Government Whips to vote. Mr. Michael Foot, Leader of the Commons, sent a personal note to Mr. Walden just before the first two-vote defeat for the Government by 310 to 308.

But after the two rebel MPs had consulted in the Press bar at the Commons, they refused to go through the lobbies. Mr. Mackintosh declared:

"After the first defeat Mr. Michael Cocks, the Government Chief Whip, rushed to make personal appeals to the two rebels. He warned them of the danger to the Government that could flow from the loss of the Bill, a major element in the Government's legislative programme."

An angry Mr. Eric Heffer, Left-wing MP for Walton, then stormed into the bar demanding that the two men support the Bill. But Mr. Walden told him sharply: "Don't come in here

and lecture me, Eric." There was nothing Mr. Cocks, Mr. Heffer or a junior Whip, Mr. Al Bates, could do.

They returned to the Chamber, where jubilant Tories demanded the Government's resignation as the defeat verdict was read out against a background of waving Tory order papers.

The first vote, on a Lords proposal to change the name of the cargo handling zone, brought a vote, giving it a majority of one, to reject by 311 votes to 310 a Lords amendment which would have removed the power of the Secretary of State to change the cargo-handling zone by Orders brought before Parliament.

After the excitement came the remaining "nuts and bolts" of the measure as MPs quietly dealt with remaining Lords amendments. The House agreed to remove a further 22 of them in rapid succession without division.

The Government had a straight majority of one in rejecting a Lords amendment which would have made it impossible for the National Dock Labour Board to set minimum rates of pay where there was no collective agreement. The amendment was rejected by 311 to 310.

The Speaker, Mr. George Thomas, then cast his vote in favour of the Government and told the House: "My vote is guided by precedent."

## Tied cottage Bill rules changed by Peers

OPPOSITION PEERS yesterday forced a change in the rules under the Tied Cottage Bill, for giving farmworkers security of tenure. Voting was 152-60, a majority of 92 against the Government.

The Bill had originally made protection available to workers after two years employment. The change extended this to four years, the last of which must have been spent in the employ of the farmer who owned the house on which security of tenure was claimed.

Lord Swaythling (L.) said during the Bill's report stage that the proposed two year period was felt by many sections of the agricultural industry to be far too short.

Lord Peart, Leader of the House, urged peers to reject the proposal. Everyone agreed that there should be a qualifying period of agricultural work before security was obtained.

The farmworker's union said one year and the farmers said five years. The district councils, who would be involved in allowing the farmworker to remain on the land, also supported a one year period. An Opposition proposal allowing local authorities to offer a farmer, temporary accommodation was carried by 136 to 58, a majority against the Government of 78.

Earl Ferrers (C.), proposing the change, said that under the Bill, the "head-on dilemma" was that if farm workers were given a right to stay on their house, after leaving the farmers' employment, how could the farmer provide accommodation for incoming farm workers?

If local authorities could not fulfil their obligations under the Bill, the Government would have to do anything other than increase the rate of inflation.

Baroness Birk, Environment Under Secretary, proposed the change saying that no proposal dealing with temporary accommodation could be inserted in a Bill the basis of which involved giving security of tenure. It would be contrary to what was pledged in the Bill and what the Government was trying to achieve.

## Next week's business

COMMONS business next week will be:

MONDAY: Motions on the Endowments and Glebe Church Measure and on EEC Secretary of State's Report, R/2284/76.

TUESDAY: Public Lending Right Bill, remaining stages.

WEDNESDAY, THURSDAY, FRIDAY: Consideration of Lords business.

Lords business: MONDAY: Land Drainage Bill, Supplementary Benefits Bill, Commons amendments: Dock Work Regulation Bill, Commons message: Rent (Agriculture) Bill, third reading; Race Relations Bill, Commons message: Royal Assent.

TUESDAY: Industry (Amendment) Bill, third reading; Shipbuilding Industries Bill, Commons message: Endangered Species (Import and Export) Bill, Commons amendments.

WEDNESDAY: Health Services Bill, report; Development of Rural Wales Bill, Commons amendments.

THURSDAY: Health Services Bill, third reading; Education Bill, Commons message; Weights and Measures Bill, Commons amendments.

FRIDAY: Rent (Agriculture) Bill, Commons message; Public Lending Right Bill, Commons amendments.

MONDAY (Nov. 22): Consideration of Commons messages.

# Healey dismisses Tory protest over borrowing

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. DENIS HEALEY yesterday dismissed Tory condemnation of further borrowing that would add to Britain's already heavy load of international debt.

Defending the Government's approach to the IMF and to Common Market member states, the Chancellor stressed instead the benefits of the "highest possible standard of living at the expense of borrowing at very low rates over a reasonable period."

But when Labour Left wing pressed the Government for assurances going even further—including abandonment of public expenditure cuts and the outright adoption of the Tribune alternative economic strategy—Treasury Ministers were far less forthcoming.

From the Labour backbenches, Mr. Dennis Skinner pointed out that over 100 Labour backbenchers had signed a motion, for an alternative strategy.

The miners' union executive that very morning had presented an approach which was almost a mirror of the motion, calling for price control, direction of investment, import controls and restoration of cuts in public expenditure, said Mr. Skinner.

Chief Secretary, responded cautiously. He was pleased to note that there was a reference in the motion to selective import controls policy rather than general import controls.

This was more in line with what the Government had in mind, said Mr. Barnett. But while he could understand the concern about public expenditure being cut, he doubted if the alternative strategy proposed would do anything other than increase the rate of inflation.

At another point, the Chancellor was asked how he reconciled the maintenance of a high standard of living for the British people with the fact that a Treasury adviser was reported to have recommended a high rate of unemployment.

This was a reference to the reported views of Mr. Alan Lord, one of the Treasury's senior officials and responsible for the domestic sector.

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Mr. Denis Healey

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Mr. William Molyneux (L., Ealing N.), urged the Chancellor to agree that it was dangerous for

civil servants to indulge in policy-making prophecies which could be self-fulfilling.

But Mr. Healey insisted that Mr. Lord had been misrepresented in the suggestion that he was advocating a high rate of unemployment. "What he said was that if we want to get an increase in productivity, which is our common objective, steps must be taken to replace the jobs that will be lost through new investment and lower manufacturing levels with new jobs in productive industry."

Mr. Healey went on to deplore attacks on civil servants, taking the opportunity to challenge Mr. John Pardoe, Liberal spokesman on economic affairs, to substantiate or withdraw an allegation he made recently during a TV broadcast.

In the broadcast, Mr. Pardoe alleged that civil servants had suggested to IMF officials that it would be a mistake to give a loan to Britain—that the loan should be refused to bring home to the Government the size of the economic crisis.

Mr. Healey said he had written to Mr. Pardoe about these remarks and that Mr. Pardoe had admitted that he had no names in his possession at all.

Mr. Pardoe promptly jumped up to declare that Mr. Healey had entirely misconstrued his letter. "I do not suggest I had names in my possession," he told the House.

The exchanges only closed when the Chancellor suggested that they should publish their mutual correspondence, and then the House was told that the remarks were made were not based on any solid evidence whatsoever," Mr. Healey claimed.

# Government scores 31 majority for aircraft Bill powers

BY JOHN HUNT

THE GOVERNMENT had a comfortable majority of 31 in the Commons last night as the prolonged battle to save its legislative programme to extend the Bill which would give the shipbuilding and aircraft industries.

By 324 votes to 293, the House rejected a Lords amendment and restored the power of the Industry Secretary to order the two nationalised corporations—British Shipbuilders and British Aerospace—to extend their activities into other areas of industry.

This has been one of the main points of contention in the Bill and has been bitterly opposed by the Conservatives and Liberals. As a result, the Conservative peers had removed the power conferred on the Secretary of State while the Bill was in the Lords.

Last night, the Government received its reassuring majority despite the fact that the Liberals joined forces with the Conservatives in opposing the removal of the Lords' amendments. The Scottish and Welsh Nationalists voted with the Government.

The division—the first of a long series—came soon after the Commons started consideration of 82 Lords amendments to the Bill in its original form.

Mr. Tom King, Conservative industry spokesman, objected that if the Government had its way, the two corporations would be able to expand into any related activities. He predicted that this would prove to be an "albatross" which would discourage new investment in industry.

People eager to invest in related activities would be frightened away by the "confiscatory" power of the Secretary of State, he argued.

Mr. Leslie Huchfield, Under Secretary for Industry, defended these powers. It was necessary, he said, that the corporations should be able to change the needs from time to time be allowed to adjust to changing needs.

"There is nothing in these powers which would provide more public ownership. Indeed, what we are trying to do is to extend Parliamentary surveillance."

He explained that another Lords amendment would remove the basis for the Secretary of State to carry out forward planning although such an arrangement had existed in nationalised industries for a considerable time.

"Once a corporate strategy is drawn up, the Secretary of State needs to have some kind of power to ensure that it is carried out. I believe the powers which this Bill confers upon the Secretary of State are reasonable. I believe that the scope of the powers given to the two corporations are reasonable."

"The form of them is derived from previous nationalisation legislation. I believe these are excellent reasons for disagreeing with the Lords amendments," Mr. Huchfield declared.

For the Opposition, Mr. King

objected that all the amendments had to be considered in the space of six hours allowed by the guillotine timetable. "Obviously this is an impossible situation in which the Opposition finds itself."

"Inevitably, it means that we will be unable to give a considered reply to some of the amendments purely because of the constraint of time," he said.

Mr. King criticised those Labour MPs who ridiculed the Upper House as an unelected and unequipped chamber. In the Lords, he said, the Bill had been put through for the Government by Lord Melchett, "an unelected, hereditary old Etonian peer under 30 with no experience of shipbuilding."

On the other hand, useful contributions had been made by peers with many years of experience in both industries.

Mr. King recalled that during the second reading of the Bill in the Lords, only one peer had made a contribution from the Government benches and he had opposed the legislation.

Prices watch cost £1.5m.

COST OF THE Counter Inflation Unit during the past 12 months was about £1.5m, Mr. William Price, Parliamentary Secretary, Privy Council Office, said in Commons written reply yesterday.

This comprised Press advertising, publicity for the price check scheme, research and salaries.

What is unlikely is that the Tories will be able to make sweeping new gains at the expense of Labour in the industrial West of Scotland. Except in a very few seats such as Tullycarnegie, the Tories have little organisational strength and would be unlikely to make up lost ground before the next election, even if that were two years away.

The likely battle in the West is still between Labour and the SNP, though increased support for Conservative candidates would add another factor to an already complex picture.

After the last election, the SNP stood second to Labour in a score of seats in Glasgow and its immediate area. While the opinion polls showed the Tories increasing their share of support, it was easy to predict that they would overtake the Socialists in a number of seats.

Now that some electors seem to be turning away from the Nationalists to the Conservatives the image becomes cloudy. There is also the added uncertainty caused by the breakdown of the Scottish Labour Party, which intends to field candidates in at least six Labour-held seats at the next election.

## SCOTTISH POLITICAL SCENE

# Tories top the poll... but doubts remain on ability to pick up seats

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A COMMON reaction among pundits in Scotland after last week's by-election successes for the Conservatives in Walsall North and Workington was that it could not happen here.

North of the border, it is easy to believe that electors think only of devolution and independence, and that any protest votes against the Government would automatically go to the Scottish Nationalists.

Predictions based on the election results were made, asserting that a general election now would produce a Tory landslide in England and sweeping gains for the SNP. Those forecasts may now have to be revised.

An opinion poll by Marplan shows a resurgence of support for the Tories, giving them 37 per cent support and putting them ahead of Labour and the SNP for the first time in years.

There are several explanations to take into account about the poll. It was based on a very small sample of voters but it confirms a broad trend noticeable in polls by other organisations in the last few months.

While Labour has remained fairly static with around 30 per cent support, the Conservatives have been moving up and the Nationalists down.

The implications are that Scottish voters are not unlike their English counterparts and that although there are electoral benefits for both Labour and the SNP from having clear policies on devolution, the Tories are picking up support on other issues, notably the economy. Among those most surprised was a fair section of the Scottish Conservative Party, which



Mr. Alex Fletcher

believed the orthodoxy that its time had been and gone.

Morale in the party sank to its lowest level after the October 1974 election, when the Tory share of the vote dropped to 25 per cent, behind Labour and the SNP. Between then and this summer, the polls continued to be gloomy. Organisation was a shambles, and money scarce.

Worst of all, the party was divided, and confused on the issue of devolution. Yesterday produced no shortage of glib explanations for the apparent breakthrough from Conservative spokesmen, but few of them were convincing. Party membership is rising, but only slowly. There is action to improve organisation and

bring in more cash from industry, but it will be a long time before the results are noticeable in the field.

Mrs. Thatcher has made a recent visit to Scotland, but the least said about that the better.

It is likely to be a long time before the party is in a position to convert opinion poll success across the country into Parliamentary seats. In an open letter to Scottish Tories yesterday, Mr. Alex Fletcher, MP for Edinburgh North, said the party could not re-emerge as a major force in Scotland without undergoing a massive change in style and organisation. It was not yet prepared for a fight on the scale that would be needed.

"I am afraid our main weakness lies in the professional side of the organisation, which has been reduced to its lowest ebb since a visit to the Central Office in Edinburgh will confirm. This is hardly the way to prepare for the fight of our lives."

It is probably in the traditionally Tory rural seats, which fell to the SNP in October 1974—Perth and East Perthshire, East Dumfriesshire, Galloway and South Angus—that the party can look to make its strongest advances. It may also be able to re-take some of the seats in North-east Scotland, which fell earlier to the Nationalist challenge.

Now that some electors seem to be turning away from the Nationalists to the Conservatives the image becomes cloudy. There is also the added uncertainty caused by the breakdown of the Scottish Labour Party, which intends to field candidates in at least six Labour-held seats at the next election.

PARTY SUPPORT IN SCOTLAND									
GENERAL ELECTIONS					OPINION POLLS				
	June 70	Feb. 74	Oct. 74	Dec. 75	Sept. 76	Nov. 76			
Con.	38	33	25	28	31	37			
Lab.	45	36	36	30	30	29			
SNP	11	22	30	37	30	28			
Lib.	6	8	8	5	5	3			

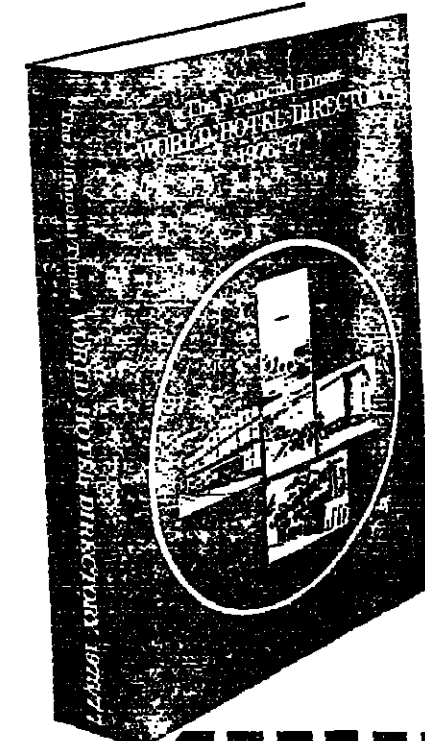


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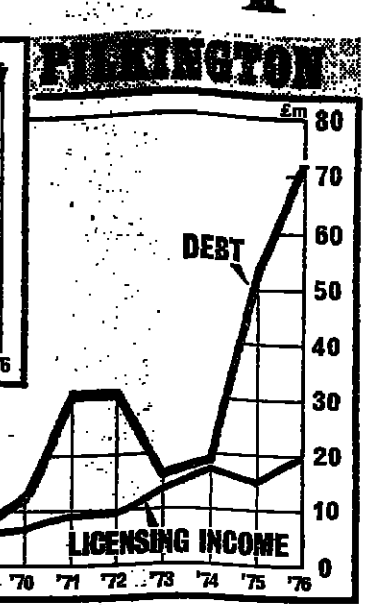


CHRISTOPHER DUNN analyses the effectiveness of ways in which two major U.K. companies have exploited technological breakthroughs.

# A question mark over product licences

It is not often that a U.K. company comes up with a process that is so much more advanced than anything else in the world. But when it does, it is often in a position where it is not clear how to exploit it. In the case of the EMI scanner, the company has a wide range of options. It can set up manufacturing in the U.K. or in other countries, or it can license the technology to others. The company has chosen to license the technology to others, and this has led to a number of problems.

Behind a string of adverse comments about licensing ("stifles initiative"; "acknowledges no possible economies of sale"; "dilutes equity in new technology"; "removes a company from the market place"; "you cannot survey your product adequately"), lies the clear feeling that licensing another firm may well amount to setting up a competitor. The co-operation stems from expediency, and despite the short-term benefits, licensing could eventually lead to trouble.



Above: Pilkington's licensing income growth has not kept pace with debt recently. Right: Dr. Godfrey Hounsfield, inventor of the EMI-scanner, with a CT5005 body scanner.



R and D or capacity is subcontracted out (licensed). This situation must ultimately be resolved either by a bid or by a forcible separation. It was a separation that was eventually forced on Beecham. In 1957, Beecham isolated the penicillin nucleus—6-APA—which led to the development of semi-synthetic penicillins. Beecham was starting from scratch, without a marketing or distribution base, or manufacturing experience, in the kind of high technology and R. and D. sector which makes speedy exploitation of products vital. (Such a trading background fosters licensing agreements.) There was an orthodox commercial logic, therefore, behind Beecham's decision to license patent and marketing rights in the U.S. and elsewhere to Bristol Myers for the first of its semi-synthetic penicillins, in exchange for technical assistance over production.

It is not often that a U.K. company comes up with a process that is so much more advanced than anything else in the world. But when it does, it is often in a position where it is not clear how to exploit it. In the case of the EMI scanner, the company has a wide range of options. It can set up manufacturing in the U.K. or in other countries, or it can license the technology to others. The company has chosen to license the technology to others, and this has led to a number of problems.

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## BOOK REVIEW BY CHRISTIAN TYLER

### Industry and the unions

Strikes and the Government, 1982-1974, by Eric Wigham; Macmillan, £10.00.

The New Barons, by Stephen Milligan; Temple Smith, £5.50.

British industrial relations, 1945-1975, by Kevin Hawkins; Barrie and Jenkins, £7.50.

THE MINERS' strike of 1974 that led to the downfall of Edward Heath's government was the most naked demonstration of trade union power for decades, and it provides the principal reference point for two of these very different accounts of British industrial relations.

Mr. Eric Wigham, in *Strikes and the Government*, maps out the history of conciliation machinery from the creation of the Labour Department of the Board of Trade in 1893 to the formation of the Independent Advisory Conciliation and Arbitration Service in 1974.

Perhaps it is the time scale of Mr. Wigham's book, as well as his own 23 years as *The Times* labour correspondent, that explains why his account ends on a cautious, even pessimistic, note. Mr. Wigham makes few prescriptions for 1976. As his history shows, most prescriptions have been tried at one time or another, and one is left with the conclusion that remedies, like the successes of the famous industrial trouble-

shooters of the century, are a matter of time and sheer slog. His account of the development of Government intervention in industrial disputes gives little support to those like Stephen Milligan, a journalist on *The Economist*, who believe that Government initiatives in the spirit of the 1971 Industrial Relations Act are necessary to make the unions "more democratic" as a prelude to formal incomes policy machinery.

In the end, argues Mr. Milligan, trade union power will only be curbed by a smashing Government victory against a major union.

These conclusions do not really belong to the bulk of the book, which is an anecdotal description of the bigger unions and their general secretaries.

Deeper moral

"The New Barons" is an easy-to-read guide to the unions in the seventies. Mr. Wigham's history draws the deeper moral. In his more obviously academic treatment of the subject Kevin Hawkins, of the University of Bradford Management Centre, adopts a wider brief including the economic background to wage bargaining since the war, the drift into corporatism and the shift of employment from the private to public sector.

Mr. Hawkins is concerned less

## Rapid spread

This raises questions of whether the rapid spread of float glass has been at the expense of the company's future prospects, whether Pilkington sold its technology too cheaply, and whether it would be able to develop another breakthrough of comparable magnitude.

Clearly, the special characteristics of the glass industry have to be taken into account. It is cyclical and capital-intensive, with well entrenched commercial giants, so that Pilkington might well have bankrupted itself if it had tried to attack, say, the US market directly.

Recent developments in Europe, however, are significant. In Scandinavia, Pilkington has invested heavily in its own plant, for undisclosed strategic reasons, but is now being opposed by a group of local glass manufacturers, led by St. Gobain Pont à Mousson. St. Gobain is one of Pilkington's principal continental licensees. It is possible to argue therefore that the

## Exchange deal

The successor to ampicillin is amoxycillin, launched in 1972, but the decision was made not to license it. A product exchange deal has been done with Hoffman La Roche in the U.S., but Beecham—by expanding its own sales force and production plant in the U.S.—has attempted to retain far more control over its exploitation of the new drug. Bristol Myers, however, claims the right to market amoxycillin as well as ampicillin, and is now selling a competitive version of it. The two firms have had recourse to litigation to resolve the issue.

There are parallels with the situation, which has now developed between Glaxo and Schering Plough. Despite its excellent range of drugs, Glaxo has only ever tapped the U.S. market through a licensing arrangement with Schering Plough. Glaxo has now indicated its intention to enter the U.S. market more directly but has not commented on the effect this might have on existing marketing arrangements.

Clearly the choice between exporting, overseas manufacture and licensing or some combination of all three, is vitally affected by the nature of the product or process, the size of the company concerned, and the state of the world market. But it seems that the disadvantages of licensing, at least as the main ingredient in a company's strategy, are more widely appreciated and that many manufacturers will seek, wherever possible, to retain complete control over their own technology.

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All of these securities having been sold, this announcement appears solely for purposes of information.

October 28, 1976

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\$250,000,000

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## Observer



## POLITICAL BREAKDOWN OF THE LABOUR PARTY NATIONAL EXECUTIVE

Figures in brackets indicate membership of four key committees.

Left	Right
Left 1	Left 10
Left 3	Left 11
Left 2	Left 8
Left Nil	Left 10

heavily qualified by wider considerations. The first is that the Opposition as a Shadow Cabinet cannot plead the force of external events when arguing ideological questions either with its supporters in Parliament or with the Labour movement as a whole. The Tribune Group in Parliament would be far less inhibited about rebellion when there was no question of bringing down the Government, and its policy pressures which could be brought to bear on the leadership by left-wing constituency parties and by a left wing National Executive would be far greater. Given the inveterate tendency of the centre in the PLP to opt for a quiet life and to drift with the strongest prevailing current, it is not at all clear that there would be much resistance.

The second point is that it is one look beyond the immediate election, scene, there are

Similar possibilities exist for the left to influence the selection of new candidates and to exert disciplinary pressure on existing ones. In constituency Parties, The Organisation Committee of the NEC already has a permanent left-wing majority (see table top right). The four-man Inquiry Committee which looks into complaints of malpractice, and adjudicates in quarters, such as those involving Mr. Reg Prentice and Mr. Neville Sandelson, has been quietly expanded by one (left-wing) member, so that instead of a two-two left-right composition there is now a three left to two right majority.

At the same time the whole row about the appointment of a Trotskyite as Youth Secretary of the Party conceals the serious problem of extreme left-wing infiltration into a number of constituencies.

If one takes all this together, it will be seen that Mr. Callaghan is now playing for very high stakes in Party, as well as

NEC as a whole and on its constituent committees. Indeed, the Left-wing dominance is even more pronounced than it looks on paper. For it is the Right-wingers who are most likely to be absent on business or to leave the meetings early. Moreover, Mr. Ron Hayward, the general secretary, who is ultimately responsible for the distribution of committee posts has produced, whether by accident or by design, a scheme which is heavily biased to the Left. It is theoretically possible in the NEC itself, and in the Home Policy Committee, to produce a deadlock if Mr. Benn has his arm twisted by the Prime Minister and Mr. Kitson has his arm twisted by Mr. Jack Jones. But on all except the most desperate occasions and on the other committees, the Centre is a lost cause.

If Mr. Callaghan therefore wishes to make any impact he must change the balance. Nothing can be done about the seven constituency members, but the question is whether the trade

National Union of Mineworkers: R. Tuck  
 National Union of Railwaymen: S. McKuskie  
 National Union of Seamen: S. McKuskie  
 Amalgamated Union of Engineering Workers, Engineering Section: W. John  
 Union of Shop, Distributive and Allied Workers: W. Padley, MP  
 National Union of General and Municipal Workers: H. E. Hickling  
 Transport and General Workers Union: A. Kitson  
 Transport Salaried Staffs Association: T. G. Bradley, MP  
 Association of Professional, Executive, Clerical and Computer Staff: F. Mulley, MP  
 AUEW, Technical and Supervisory Section: J. Forrester  
 Fast Office Engineering Union: B. Stanley  
**SOCIALIST, CO-OPERATIVE AND PROFESSIONAL ORGANISATIONS**  
 Royal Arsenal Co-operative Society: J. Cartwright  
**CONSTITUENCY ORGANISATIONS' SECTION**  
 Ian Mikardo, MP  
 Anthony Wedgwood Benn, MP  
 Mrs. Barbara Castle, MP  
 Miss Joan Lester, MP  
**WOMEN MEMBERS**  
 Mrs. Judith Hart, MP  
 Mrs. Lena Jeger, MP  
 Mrs. Renee Short, MP  
 Frank Allam, MP  
 Michael Foot, MP  
 Eric Heffer, MP  
 Mrs. Shirley Waynand, MP  
 Miss Joan Maynard, MP  
**LABOUR PARTY YOUNG SOCIALISTS**

unions can be persuaded to accept the logic of their own support of the Government and vote for different candidates in the trade union and women's sections. The difficulty here comes in two instalments. In the first place the trade union section itself is a carve-up. The General Council has privately agreed that certain unions should have a more or less permanent right to put their own nominees onto the NEC and nobody is anxious to challenge this treaty for fear of retaliation against his own candidate. Secondly there is an almost invincible temptation for general secretaries to solve their internal difficulties by placating powerful left-wing factions with a seat (Messrs. Forrester, Kitson, McCluskie and Williams) or rewarding decent, hardworking comrades of no prodigious distinction (Messrs. Chalmers, Hickling, John and Tuck).

**sinking  
und**

2. From acceptance date to five years post acceptance, the acquiring companies do as well as the market.

3. Large companies, who acquire, perform no better nor worse than small companies.

These results suggest that there are substantial economic gains resulting from mergers, but that the gains accrue to the shareholders of the acquired companies.

Kevin McCahill,  
White House, Brompton,  
Nr. Appleby, Cumbria.

# Industrial

are paying twice the civil engineering rate, the boot would be on the course, be on the other foot. I think the "enlightened management" would suddenly become reactionary. The civil engineering is fortunate in this respect because their specialism is such that at all sites, the first trades to go to a site and, in consequence, they are likely to be less conscious of other trades, than the other trades are conscious of the civil engineers.

I completely accept your thesis that industrial relations in large engineering sites are not good enough. I must, however, reject the conclusion that

judged by the result of an individual struggle between the electricity supply industry and potential or existing operators of the technique.

Because several of your readers wrote to me asking for justification of my passing comment and because it is now a matter of topical concern following the recommendations by the Royal Commission on Environmental Pollution for an alternative energy strategy containing CHP and because rumour has it that the case is going badly in the working party set up by the Secretary of State for Energy and the Treasury in 1975 to study the Commission's 'three pillars' of energy policy, I thought I would

In assessing this arrangement it would be wrong to use retail tariffs to value the local electrical supply because the proposal would not reduce distribution costs. But I contend that the bulk supply tariff (BST) is a fair measure of the value of foreign supply to the system. The unit charges in the BST are a direct measure of the value of units generated locally and the capacity charges, reduced by an appropriate factor to account for random probability of breakdown, are a fair measure of the capital credits to the local system.

Calculations made by crediting the local system with 75 per

Order. Health Services Bill, com-  
mittee

**OFFICIAL STATISTICS**  
Retail price index (October).  
Building Societies' receipts and  
loans (October). Usable steel pro-  
duction (October).  
**COMPANY RESULTS**  
Minster Assets (half-year).  
Wolsley-Hughes (full year).  
**COMPANY MEETINGS**  
Cray Electronics, 5, Belgrave  
Square, S.W. 12, Henshall (WV)  
and Sons (Aldershot), Cobham,  
10.30. HTV, Cardiff, 10.30. Hoare  
Govett, Heron House, High Hol-  
born, W.C., 4.45.

## Combined heat and power

## Combined heat and power

best ingenuity and more probably money. Both problems go away if CHP is run in parallel with the public supply and electricity is generated locally to match the local heat demand.

## Peak times

A tariff for local generation which properly reflected the cost involved would involve transfer of units at BST prices and a payment by the public supply for the central generating supply at

That workers, if they are to have worker directors at all, would like it to be an internal matter, decided by the vote of all employees and not just by the trade union workers or internal leadership.

mass of workers, (unionists and non unionists alike) would actually like to see happen

The tables taken from a survey we carried out this year on workers participation illustrate the point. The larger one shows the views first of a national sample of all full time workers. The subsequent column shows the views of people working in companies which are fully or largely unionised establishments.

## Spending cuts & unemployment

From Mr. D. Foster:

Sir—I have noticed in recent weeks that the "self-appointed leaders" of our society who are loudest in calling for more and more cuts and who discount the higher unemployment that would result, are the very people who are least likely to be unemployed themselves or those who have sufficient private means to cushion themselves from all misfortune. It is easy for them to take such a detached view."

They have no real knowledge or awareness of the suffering and hardship and degradation for those who are unemployed. Such pontificators lack compassion. There are also others who will state that too much compassion will ruin the country. Is there no middle path between compassion and our present materialistic society?

We must not forget also that unemployment to-day for many unfortunates is a kind of "living murder." Many made unemployed now, often through no fault of theirs (and executive types are perhaps in the forefront here), will never again be able to earn their living. They will have to depend on charity and in to-day's world is this any better than death?

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## Chloride rights—sales and profit growth

REPLY INCREASED first half and profits and a rights of 2.5p per share (two-for-one) at 62p per share, to some £16.7m. net, are added by battery, etc., manufacturers, Chloride Group, as expanded from £97.5m. to £121.5m., and pre-tax profit rose from £7.5m. to £10.2m. in the six months. Profit for the six months to March 31, 1976 was 3m. pence per share for the half increased from 7.4p to 8.4p. The interim dividend rose from 0.85p to 1.25p. The interim dividend, based on the enlarged capital of 3.4p (2.75p) is forecast. The interim dividend, based on the enlarged capital of 3.4p (2.75p) is forecast. The interim dividend, based on the enlarged capital of 3.4p (2.75p) is forecast.



Mr. Michael Edwards, chairman.

REMAINS within the Board's declared limits. Brokers to the issue are Cazenove and Co. The interim dividend, based on the enlarged capital of 3.4p (2.75p) is forecast. The interim dividend, based on the enlarged capital of 3.4p (2.75p) is forecast. The interim dividend, based on the enlarged capital of 3.4p (2.75p) is forecast.

with particularly good progress being made in the U.S. and South Africa, the directors state. The expected recovery in the demand for motive power batteries has not, however, materialised, so that the satisfactory improvement in profit at the half year was achieved with no help from this sector. Demand for consumer products is good and the group is helped by the strong performance of its major overseas companies. However, the rate of profit growth in the first half owes something to a disappointing performance in the first half of last year. The systems business in the U.K. was significantly strengthened by the acquisition of Gent and Co. in August, 1975 and Industrial Instruments in April, 1976. Progress is being made in talks with Protector Incorporated in the U.S. The merger with Oldham in Southern Africa has gone extremely well, with the combined business proving stronger and more profitable than the original entities, the directors add. The figures for the six months are on a basis consistent with previous years. Overseas results have been converted to sterling at September 30, 1976 rates of exchange. (Comparative profit before tax benefit £93,000, profit after tax benefit £231,000.) For the year ending March 31, 1977 it is intended to adopt the Statement of Standard Accounting Practices (SSAP9) which includes "production fixed expenses" in the cost of inventories. Adoption of SSAP9 at the half year would have increased the operating profit by £224,000. The U.K. tax charge, benefits from capital allowances on increased U.K. capital expenditure. See Lex

## Boots up to £37.7m. in first six months

SALES, LESS VAT, at the Boots Company improved by 21.3 per cent to £37.7m. and pre-tax profit was up by 22.6 per cent to £3.7m. for the half year to September 30, 1976. And in the absence of further Government measures substantially to reduce consumer spending, the directors hope that this progress can continue into the second half. The net interim dividend is raised from 0.85p to 0.975p, absorbing £3.47m. Last year's total was £3.437p and profits £3.1m. U.K. retail sales increased by 18.5 per cent, and the average price level went up by about 12.5 per cent, indicating real growth of more than 5 per cent. Worldwide non-retail sales increased by 38 per cent, while this was inflated by the fall in the value of sterling, there was substantial real growth. In the year to March 31, 1976, an additional contribution to the Boots Pension Fund of £5.8m. was charged before arriving at profit, and one half of this sum was set aside in the first six months to September 30, 1976. An amount of £4.42m. has again been charged against profits for the six months to September 30, 1976, and the directors say they will review the position at the end of the current year.

See Lex

### Leopold Joseph

Post tax profits of Leopold Joseph Holdings before any allocation to inner reserves for the half year ended September 3, 1976, were substantially the same as for the corresponding period in the previous year, assuming an unchanged rate of corporation tax, the directors state. Lower profits in money market operations, in consequence of the substantial rise in MLR, were offset by improved profits in other sections. The main subsidiary, Leopold Joseph and Sons (the merchant bank), continued to maintain a very liquid position in the present uncertain situation.

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividend. Official indications are not available whether dividends are not available or based mainly on last year's performance.

Company	Date
Avon Rubber	Nov. 17
Barclays Bank	Nov. 17
British Airways	Nov. 17
British Petroleum	Nov. 17
British Telecom	Nov. 17
British Waterways	Nov. 17
British Wool	Nov. 17
British Wool Textiles	Nov. 17
British Wool Textiles	Nov. 17
British Wool Textiles	Nov. 17
British Wool Textiles	Nov. 17

An unchanged interim dividend of 1.58p net per £1 share is declared. Last year's total was 1.007p.

### R. Green Properties progress

PRE-TAX PROFIT of R. Green Properties for the year ended June 30, 1976 improved to £210,504 against £158,117.

Earnings are stated at 0.31p per 10p share against 0.49p, and the unchanged final dividend of 0.8368p net gives a same-again total of £3.6368p. Mr. and Mrs. Elphick have waived their dividends. In his annual statement, chairman Mr. A. H. Bowerman tells members he will be disappointed if the current year's results are not at least equal to last year's. He adds that despite the continuing difficulties of the general situation, the company's overall position remains sound. Overdrafts were reduced from £4.5m. to £2.6m. during the period. The value of development land has been written down to £1.7m. The auditors say that they are

unable to satisfy themselves that this is the currently realisable value of the land.

Pearl Assurance Company and its pension fund hold 11.65 per cent. of the shares. Meeting, Brighton, December 6 at 5.30 p.m.

### Advance at A.A. Asphalt

PRE-TAX PROFIT of Anglo American Asphalt for the six months to September 30, 1976, was well ahead of last year's £335,000 at £506,000, on turnover down from £3.4m. to £2.55m. A better year was forecast at the time of the annual meeting. Interim dividend is 0.87p net per 25p share, against 0.29p adjusted for last July's scrip issue. Total last year was 2.17p adjusted, from record profits of £201,000.

The profit at half year was struck after share of associates' profit £27,000 (£36,000) and interest nil (£36,000). Tax charge was £263,000 (£170,000), and profit attributable to Ordinary shareholders £240,000 (£121,000). The directors state that turnover for the period is not comparable with the same period last year, which included £784,000 in respect of activities since disposed of. Trading continues very satisfactorily. The group's cash position continues to be strengthened and interest charges have now been eliminated.

### Assam Frontier Tea

Profits of Assam Frontier Tea were down from £113m. to £93,625 in 1975 before tax of £720,000 against £845,555. Turnover was £4.96m. compared with £4.6m. Earnings per £1 share are 22.81p (30.35p). The dividend is 7.865p net against 7.15p previously. The directors say discussions are continuing which may lead to an offer for the company. The ultimate holding company is Sime Darby Holdings.

## Head Wrightson maintain progress

	half-year to 31 July 1976	half-year to 31 July 1975	year to 31 Jan. 1976
Turnover	£000 31,746	£000 29,215	£000 63,388
Trading Profit before interest	1,264	1,389	3,168
Bank interest	(195)	(339)	(629)
Investment income	1,069	1,050	2,539
Profit before tax	1,085	1,067	2,557
Tax (estimated)	(517)	(558)	(1,101)
Extraordinary items after tax	568	509	1,458
Profit after tax	654	529	1,747

The Group results are based upon unaudited figures.

### Points from the interim statement

- \* Interim dividend of 1.7p (gross) declared
- \* Expected final to be maximum permitted

Head Wrightson & Co. Ltd., The Filings, Yum, Cleveland.

## HEAD WRIGHTSON

## V. H. Smith up £0.5m. so far

Up from £158.73m. to £163.23m. against £2.63m. reported by V. H. Smith and (Holdings) for the eight months ended October 2, 1976. The net interim dividend is lifted from 2.81p to 3.09p. Total in 1975-76 was £3.65p pre-tax profits of £3.95m. profit includes associates £210,000 (£269,000) and 10 (£135,000) profit on sale of shares and is after charging £10 purchased, £162,000 (20) and special pension fund additions, £567,000 (£477,000). Tax of £1.8m. (£1.53m.) operation obviously suffered because of the hot summer, but operation held steady within a directors say it is too early in the current while wholesaling put up a solid climate, to assess and enough performance with volume cut on the volume of con-

sumers spending in the very important Christmas trading. As announced, the chairman, Mr. C. H. W. Troughton, will be retiring on January 31 next year, having reached retirement age. Mr. P. W. Bennett, deputy chairman since 1974, will be his successor.

comment W. H. Smith's interim figures, showing a pre-tax rise of a 2.81p live up to expectations and are in sharp contrast to the disappointing results from Menzies' accounts of weeks back. Smith's retailing operation obviously suffered because of the hot summer, but operation held steady within a directors say it is too early in the current while wholesaling put up a solid climate, to assess and enough performance with volume cut on the volume of con-

### Demand boost for Porter Chadburn

Largely due to the continuing buoyant demand of products for the brewing industry, pre-tax profit of Porter Chadburn rose sharply from £0.23m. to £0.41m. for the 26 weeks ended July 1, 1976.

And the directors estimate that second-half profit will be somewhat greater than the first, which will raise the year-end result substantially above last year's record £0.68m.

The net interim dividend is up from 0.975p to 1.3p, taking £24,048 (£31,535). The maximum permitted total is forecast, against 4.29p.

The production of metered dispensing equipment has been at a high level, but the most marked upsurge has been in the field of cellar cooling and line coolers which has every prospect of being maintained.

Product divisions associated with the low level of investment in U.K. manufacturing industry and with shipbuilding have fared less well but they are earning profits which may be considered satisfactory under the circumstances.

	26 weeks	1975	1976
Turnover	£000 4,041,100	£000 4,100,000	£000 4,100,000
Profit before tax	£000 407,400	£000 227,200	£000 407,400
Taxation	£000 211,500	£000 118,100	£000 211,500
Net profit	£000 195,900	£000 109,100	£000 195,900

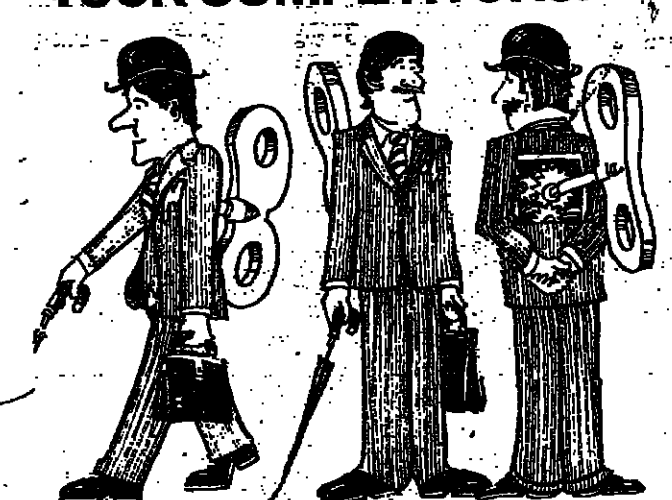
### Muar River pays more

Reflecting a reduced surplus on sale of investments of £143,185, against £220,772, pre-tax available profit of The Muar River Rubber Co., contracted from £1,151,575 to £653,795 in the year to March 31, 1976.

The dividend is lifted from £1.1p to 1.25p net per 10p share.

	1975-76	1974-75
Profit before tax	£000 232,301	£000 261,110
Dividends & interest	£000 236,751	£000 244,520
Shareholders' expenditure	£000 194,775	£000 36,000
Dividends	£000 236,751	£000 36,000
Shareholders' expenditure	£000 194,775	£000 36,000
Dividends	£000 236,751	£000 36,000
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Dividends	£000 236,751	£000 36,000
Shareholders' expenditure	£000 194,775	£000 36,000
Dividends	£000 236,751	£000 36,000
Shareholders' expenditure	£000 194,775	£000 36,000

### YOUR COMPETITORS:



### HAT MAKES THEM TICK?

Some of the most valuable lessons you learn in business are the expense of your competitors. If they make a mistake and you find out about it, you'll find the same pitfalls. Or if they're successful, it's just as tant to find out why. The best way to keep track of what your competitors are in by reading the Investors Chronicle every week. In our Company Analysis section, for example, you'll find rough and informative breakdown of company performance areas of the business sector. Key investment, performance and liquidity ratios from and loss accounts and balance sheets are extracted, which you to make accurate inter-company comparisons. We also de a weekly comparative statistical analysis of a specific stral or commercial sector. This week, furniture retailers overed.

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## Rolinco Confidence in the future

Intent on growth opportunities throughout the world. Surety and safety of investment the guiding principles.

Active investment policy pursued in U.S. Major sales in Europe. Considerable purchases in Japan and slight extension of interests in Australia.

Total net assets up by 13.4% to

£s. 2,894 million. Net asset value per share up from £s. 129 to £s. 145.

\* Distribution of 5% in stock proposed.

\* Confidence in future expressed through Warrant Scheme, entitling shareholders to purchase further shares at fixed prices up to 1979.



## A FEW OF THE COUNTRY HOUSES WE'VE SOLD RECENTLY



There's a lot more to KFR than town and country houses. We deal with commercial property in a very big way. Among our clients are banks, pension funds, development companies, unit trusts, commercial and industrial companies and scores of other concerns. Who knows? One day we may be reminding you that we have a residential side too.

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# TELEFUSION LIMITED

## Promising start to the current year

Salient points from Mr. John Wilkinson's address to shareholders at the company's thirty-second Annual General Meeting were:

- \* Despite difficult trading conditions and the exceptional rate of cost inflation a determined effort has been made in maintaining profitability and this enables your Directors to recommend the maximum dividend permitted.
- \* Net Capital employed has risen to £16.4m. Our improved financial position and broader based marketing strategy through Trident Discount Centres will give the Group the ability to increase its share of the market.
- \* Our customers have readily accepted the recent modest increase in colour television rentals and indeed many have expressed appreciation that with inflation at present levels an increase of only 6% was being applied. I am sure shareholders will be pleased to know that our customers appreciate the value of the service they receive in spite of unwarranted Government interference.
- \* Although it is too early to forecast results for the current year, turnover to date is significantly up on the corresponding period of last year and subject to no interference or unforeseen circumstances we expect increased profits for 1976/77.

### RESULTS IN BRIEF

Year ended 1st May 1976

Turnover	£44,037,000
Profit before tax	£1,127,000
Dividends	£493,000
Times covered	1.12
Earnings per 5p share	1.15p

Copies of the Report and Accounts are available from the Secretary.

PRESTON NEW ROAD • BLACKPOOL • FY4 4QY.

## Currency swings reverse R. Dutch Shell gain

THIRD-QUARTER net income of the Royal Dutch Petroleum Company and "Shell" Transport and Trading Company under arrangements decreased from a restated £18m. to £18.5m. giving a nine months total up from £28m. restated to £77.2m.

Revenues for the three months expanded from £3,770m. to £5,306m., raising the nine months figure to £14,752m. (£19,809m.).

The decline of sterling at the end of the quarter, coupled with application of the present U.S. accounting standard on translation of foreign currencies (FAS 8), resulted in major distortions of third-quarter results, turning a real improvement in operating results into a decline in net income, the directors state.

Compliance by the group with this standard, which is a consequence of the listing of its parent's shares in the U.S., constitutes a major obstacle to understanding. This is especially so when, as in September, sterling falls towards the end of a quarter.

Under FAS 8 the penalty on long-term debt has to be taken up in that quarter whereas offsetting gains on translation of stocks are largely postponed until the next quarter. It is hoped that this U.S. accounting standard will be amended in the light of experience and of widespread dissatisfaction, the directors add.

Divisible income before translation differences were £363m. (£238m.) for the quarter making £1,048m. (£750m. for nine months) plus translation gain on stocks sold during the quarter of £45m. (£47m.) and £49m. (£142m.), less translation loss on

net monetary assets—mainly long-term debt £223m. (£14m. gain) and loss £523m. (£195m.).

The fall in quarterly divisible net income of 42 per cent. between 1975 and 1976 is therefore wholly a result of the unfavourable swing of £239m. in currency translation effects.

Excluding these, net income for the 1976 quarter, at £363m., represents an increase of 40 per cent. over the corresponding quarter of 1975.

While this reflects a significant improvement in performance by most sectors of the business there was also a considerable contribution from the expression of non-depreciated sterling.

Shell Oil Company in the U.S. reported earnings for the quarter up some 24 per cent. in dollar terms on the previous year with a further uplift in sterling terms. There were improvements in both oil and natural gas and in the chemicals business.

Outside North America, oil and natural gas earnings improved in most markets. On a comparable basis, oil products sales volumes were 6 per cent. above, and natural gas volumes 13 per cent. above, those for the third quarter of 1975. In refining, utilisation of primary distilling capacity at 74 per cent. was up on earlier periods.

The contribution to earnings for the quarter from chemicals was also well up on the third quarter of 1975, reflecting higher sales volumes and prices. This continues the trend of significantly improved 1976 performance.

	Third quarter 1976	Third quarter 1975	Nine months 1976	Nine months 1975
Revenues—				
Sales proceeds	4,315	4,350	17,681	12,821
Sales taxes, excise duties, etc.	1,309	978	3,494	2,538
Other revenues	133	99	357	307
Share assoc. loss	12	121	173	191
Interest income	8	15	65	130
Total revenues	5,767	5,563	21,720	15,987
Purchases and operating expenses	3,424	2,316	9,444	8,291
Selling, gen. and admin. expenses	615	413	1,752	1,282
Exploration research and dev.	119	100	339	276
Depreciation, depletion, etc.	125	119	373	333
Interest expense	61	58	181	141
Taxation on income (excluding U.K. ACT)	952	529	1,749	1,094
Minority interests	41	31	114	85
Net income divisible	185	319	772	497
Financial data:				
Capital expenditure	460	523	1,307	568
Increase invest. assoc. cos.	20	28	58	31
Increase in net current assets	68	153	81	63
Operational data:				
Crude oil supply	4,570	4,385	14,345	13,765
Crude oil processed	4,371	4,317	13,122	12,518
Sales of products	4,311	4,309	13,342	12,522
Crude oil sales	523	328	1,558	1,058

Restated. † Profit.

See Lex

## EMI looks overseas

AFTER A successful year, particularly in its overseas companies and its export performance from the U.K., the directors of EMI, the international electronics, leisure and medical technology group, hope for further progress in the current 12 months, chairman Sir

John Read says in his annual review.

Likely reductions in consumer spending in the U.K. will clearly affect the results of the group's varied music and leisure interests at home, while similarly weaker demand may limit the results of some of its U.K. electronic interests.

In contrast, EMI's export opportunities continue to be favourable, and the overseas companies are likely to contribute more to overall group results, he adds.

As reported on October 8, group pre-tax profit expanded from £34.98m. to £39.35m. for the year to June 30, 1976. Dividend total was lifted from 6.232p to 6.853p net per 30p share.

Group sales, profits and earnings per share all attained record levels, Sir John tells members now.

The contribution to profits from outside the U.K. rose from 62 per cent. to 66 per cent. of the total. All areas of EMI's business activities achieved further progress. Profits improved in the U.K. despite market restraints, and in mainland Europe, North America and overseas generally, major gains were achieved.

Some of this improvement can be attributed to inflation, but the directors' report states that in current purchasing power terms the erosion of trading profit fell from 38 per cent. to 24 per cent. The group is likely to fare better than many when a recognised method of inflation accounting is ultimately adopted in the U.K., Sir John adds.

The total value of exports rose by 55 per cent. from £56m. to £87m., Sir John says.

The group's worldwide marketing of electronics products—particularly medical equipment—contributed significantly to the further progress of its international business, Sir John adds.

The medical electronics business, with twin bases in the U.K. and North America, continued to expand rapidly worldwide. A strong international position has been established for the EMI-scanner systems, and though the group is well aware of the developing competition its research programme is being fully sustained to ensure continued leadership in this important new field of technology.

The group's position has been reinforced in many markets by increased production facilities and distributive power. In France, the subsidiary Pathe Marconi EMI has this year acquired control of the Sonopresse Music and Recording group covering about 35 per cent. of the pop record market.

The new EMI Centre in London's Tottenham Court Road has now been given the final go-ahead after more than five years of negotiations. To cost about £25m. at current rates, it will be completed late in 1980.

The development will include offices, recording studios, preview cinemas, a triple public cinema, shops and public houses and the existing Open Space Theatre will be rehoused on the site.

An analysis of sales shows (2000): music, including records, tape, publishing and instruments £44,734 (£58,745); leisure, including film production, exhibition, live theatre, bingo, hotels and restaurants and squash £1,428 (£6,568); television £8,224 (£9,107); electronics, radio and television equipment £27,047 (£49,050).

A similar analysis of profit (2000) shows: music £7,251 (£19,762); leisure £619 (£5,976); royalties £2,439 (£14,605).

Liquid funds increased by £9.86m. (£0.57m.), gross, or £5.32m. (decrease £0.27m.) net. Bank borrowings increased by £1.61m. (decrease £12m.).

## An International Group in many fields of textiles

# COATS PATONS LIMITED

### Interim Announcement

Unaudited results for January/June 1976 and the comparative figures for 1975 are as follows:

	Jan./June 1976	Jan./June 1975	Year 1975
Turnover	299,821	226,567	487,096
Trading profit before charging depreciation	22,712	26,027	55,085
Less: Depreciation	5,576	5,340	10,153
Trading profit	22,136	20,687	44,932
Interest and other charges	2,614	4,773	8,529
Profits (losses) of associated companies	38,522	15,914	36,403
Investment and other income	918	236	(51)
Profit before taxation	57,582	31,669	36,866
Taxation	13,770	7,825	15,734
Investment grants	16,173	8,344	21,262
Profit after taxation	18,742	8,589	21,664
Interest of minority shareholders	2,636	1,163	2,462
Profit before extraordinary items	15,724	7,376	19,202
Extraordinary gains (losses)	(372)	—	522
Preference dividends	24	22	48
Profit earned for ordinary shareholders	15,328	7,354	19,676
Ordinary dividends	2,874	2,613	7,336
Profit retained	12,454	4,741	12,340
Earnings per ordinary share of 25p	5.7p	2.7p	6.9p

Rates of exchange used are those estimated to be effective at 31st December, 1976. On a global basis thread sales during January/June, 1976 were up by 13% in volume over the same period last year, despite a fall of 5% in the U.K. World thread volume, however, is still running 10% below July/December, 1975, our peak sales period.

U.K. sales of industrial yarns improved, while fabric sales worsened considerably. Overall activity in knitwear and other garments was down on last year although Jaeger achieved substantial increases in turnover at home and abroad.

Sales increased by £73,254,000, or 32%, of which £29,392,000, or 12%, is due to exchange differences, increased volume and prices, producing additional sales of £48,862,000, or 20%. Trading profit rose by £12,448,000, or 50%, of which £3,793,000, or 18%, was due to the weakness of Sterling. Improved volume and prices increased profits by £8,656,000, or 42%. Particularly encouraging is the increase in margins to 11%, reversing the downturn of the last two years. The interest charge fell substantially, owing to the considerable amount of de-stocking which took place in 1975.

Profits of associated companies showed a significant improvement in line with the better conditions prevailing abroad.

An overall tax rate of 43% has been used, which is based on our tax estimate for the year. No provision is required in respect of Advance Corporation Tax not immediately recoverable.

Profit earned for Ordinary shareholders is more than doubled at £15,328,000.

Trading profits for the full year are estimated to benefit by £5,000,000 from exchange movements. With the exception of the U.K., improved trading conditions continue, enabling us to sell more goods at improved margins. Consequently, the first half-year's results should at least be repeated in the period July/December, 1976.

An interim dividend of 1.038p per share (1975+10%) will be paid on 31st December, 1976 to the Ordinary shareholders on the register on 12th November, 1976.

RMP

## Rand Mines Properties Limited

(Incorporated in the Republic of South Africa)

### CONSOLIDATED PROFIT AND DIVIDEND

Consolidated Profit

The audited consolidated results of the group for the year ended 30 September 1976 with the 1975 comparative figures were as follows:

	1976	1975
Turnover	R27 744 000	R33 309 000
Profit before taxation	5 091 000	4 943 000
Less: Taxation	968 000	1 108 000
Profit after taxation	4 123 000	3 835 000
Less: Net profit attributable to outside shareholders in subsidiary companies	102 000	278 000
Profit after taxation attributable to shareholders of the company	4 021 000	3 557 000
Surplus on sale of fixed assets	327 000	23 60
Less: Transferred to reserve	327 000	23 60
Less:	1 651 000	1 498 000
Cost of control of shares in subsidiary company	38 000	—
Dividend No. 9 of 14.9 cents per share (1975: 13 cents per share)	1 612 000	1 498 000
Retained surplus for the year	R2 370 000	R2 059 000
Number of shares issued	11 521 715	11 521 715
Earnings per share based on profit after taxation attributable to shareholders of the company	34.9 cents	30.9 cents

### Dividend declaration

Notice is hereby given that dividend No. 9 of 14.9 cents per share has been declared payable to shareholders registered in the share register of the company at the close of business on 26 November 1976.

The transfer books and registers of members of the company in Johannesburg and the United Kingdom will be closed from 27 November to 5 December 1976 but days inclusive. Dividend warrants will be posted on or about 14 January 1977, to shareholders at their registered addresses or in accordance with their written instruction received up to and including 26 November 1976.

The dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the office of the United Kingdom transfer secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 31 December 1976.

In terms of the South African Income Tax Act, 1962, as amended, non-resident shareholders tax of 15 per cent. has been imposed on dividends payable to:

(a) Persons other than companies, not ordinarily resident nor carrying on business in South Africa; and

(b) Companies which are not South African companies and are not carrying on business in the Republic.

and the company will accordingly deduct the tax from dividends payable to shareholder whose addresses in the share register are outside South Africa.

By order of the Board  
C. G. STEYN  
Secretary

### Registered Office:

Off Main Reef Road,  
Crown Mines,  
Johannesburg 2083  
(Postal—P.O. Box 27,  
Crown Mines 2025)

### Transfer Secretaries:

Rand Registrars Limited  
2nd Floor, Devonshire House  
48, Jorissen Street  
Braamfontein 200  
(Postal—P.O. Box 37119 Braamfontein, 2017)

### United Kingdom Transfer Secretaries:

Charter Consolidated Limited  
P.O. Box 102  
Charter House,  
Park Street,  
Ashford, Kent  
TN24 8BQ  
12th November, 1976

This announcement appears as a matter of record only. October 1976.

## Atlas Consolidated Mining and Development Corporation

The Republic of the Philippines  
\$80,000,000  
Seven Year Financing

Managed by

Bank of America NT&SA  
Wardley Limited

and Provided by

Bank of America—New York  
Bank of Montreal  
BNS International (Hong Kong) Ltd.  
Chase Asia Ltd.  
Chemical Bank  
Citibank, N.A.  
Crédit Suisse  
Orion Pacific Ltd.  
Wardley (Vila) Ltd.

Agent

BANK OF AMERICA





## Pritchard Services well ahead

**ON SALES** up from £18.5m. to £20.5m., pre-tax profit of Pritchard Services Group advanced by 26.5 per cent to £773,000 in the six months to June 27, 1976.

And chairman Mr. P. R.

## J. Beales recovery at midway

Profit before tax of fashionwear designers, Tricor Inc. improved by 24.7 per cent. to a record \$9.46m. in the year to July 12, 1978. Orders in hand are satisfactory and chairman, Mr. D. A. Jacobs expects continued growth in profits.

Because of the company's close status the final dividend is being raised to 0.534p net for a total of 1.438p, against 1.167p; stated earnings are up from 5.96p to 8.16p.

When reporting first-half profits up from \$188,000 to \$206,000, the chairman was confident of a further real increase in earnings for the year.

Pritchard anticipates that profits for the full year will show a further improvement on 1973's record of £1.5m. and the group expects to be able to recommend the maximum allowable increase in dividend.

The net interim dividend is maintained at 0.4375p a share—last year's total was £2.089p.

Both U.K. and overseas activities contributed to the profits increase and to an improvement in pure earnings.

"At home the improvement depends largely from the benefits obtained in restructuring our building cleaning services division and also from continued expansion of the group's alien services," Mr. Pritchard states.

Additionally, most of the group's

But further retroactive legislation has prevented the associate in Portugal making a profit and unless the present political climate eases the directors will have to consider the value of

"The present profit base of most of our operating companies indicates a continuing improvement in 1977. Furthermore, set-up costs of the U.K. security services will be complete by the end of this year."

	1976	1975
Turnover	2800	2000
Interest	300	250
Pre-tax profit	773	613
Tax and minorities	415	343
Extraord. debt	120	167
From reserves	120	100
Available	238	203

**Mercury  
Securities**

The directors of Mercury Securities announce that the group's profits for the first six months of the current year ending March 31, 1977, are higher than those for the corresponding period of the previous year.

**ROCHDALE AND  
MANOR BREWERY**

Holders of £120,000 4½p first mortgage Debenture stock of Rochdale and Manor Brewery have passed the resolution to redeem the stock at £82 per £100 nominal.

Cheques for principal monies and for interest (less tax) will be despatched by the company at stockholders' risk on November 20.

## York Farms midway expansion

OVER for the half year to  
28, 1976 of Park Farms  
by 31 per cent. to  
and, and pretax profit  
from \$473,900 to  
10.  
chairman, Mr. D. Sam-  
reports that the second  
has begun well, with sales  
at record levels, and he  
thinks that results for the  
will be satisfactory. Last  
profit was \$1,077,000 from  
over of \$213.3m.  
mehanged interest dividend,  
10¢ net per 10¢ share is  
and it is intended to pay  
maximum permitted final  
last year. Earnings per

	Half year	Year
Turnover	13,567	10,728
Trading profit	1,038	829
Interest payable	125	147
Profit before tax	907	675
Taxation	472	246
Net profit	435	267
Extraordinary dividends	15	15
Available	419	219

● **comment**

Pork Farms' turnover increase of just under a third reflects volume increase of around 13 per cent despite the hot summer that affected overall consumption of foods. As

a result of this and price rises, margins rose by 2.1 per cent. to 8.7 per cent., aided a steadier trend in pork prices. The impact was a near-doubling of interim profits, which also benefited from lower interest charges. With demand continuing, second-half profits depend on the trend in prices and there has been no sign of softening here. But the group looks capable of reaching the 22m. this year for a prospective p/e of 4.5 at 128p where the maximum yield is 103 per cent. This could be a conservative rating, but there is a slant of some boost from a devaluation of the "Green" Pound.

**Common  
Bros. off  
£0.41m.**

**DESPITE** A setback in February, due to the collapse of a charterer, Common Brothers reports pre-tax profits of £1,111,000 for the year to end June 1976, against £1,517,000. The withdrawal from charter in

# PORTER CHADBURN LIMITED

## INTERIM STATEMENT

*The Directors report unaudited results for the 26 weeks ended 1st July 1976 as follows:*

	26 weeks ended 1st July 1976 £	26 weeks ended 3rd July 1975	Year ended 1st Jan. 1976
Group Turnover	<u>4,341,000</u>	<u>4,190,000</u>	<u>8,567,000</u>
Group Profit before Taxation	<u>407,600</u>	<u>227,200</u>	<u>690,890</u>
Taxation	<u>211,950 (52%)</u>	<u>118,100 (52%)</u>	<u>343,678</u>
Group Profit after Taxation	<u>195,650</u>	<u>109,100</u>	<u>347,212</u>

The considerable improvement in the Group's Pre-Tax Profit for the current half year that achieved in the equivalent period of 1975/6 has been largely due to the continuing effort demanded for our products for the brewing industry. The production of metered pump equipment has been at a high level, but the measure has been best in the field of collar colling and line colling which has every prospect of being maintained.

Product divisions associated with the low level of investment in United Kingdom manufacturing industry and with shipbuilding have naturally fared less well but by dint of careful management they are earning profits which may be considered satisfactory under the circumstances.

The Directors have declared an Interim Dividend of 1.300p per share (0.975p) which, if the shareholders impute a tax credit of 0.40p per share (0.325p) is equivalent to a dividend of 10% (7%). The Dividend will be paid on 7th January 1977 to shareholders on the register at the close of business on the 6th December 1976. The net amount absorbed by this Dividend is £42,048 (£31,535).

The half-yearly payment of Preference Dividend will be made on the 31st December 76 to Preference shareholders on the register at the close of business on the 6th December 76. The net amount absorbed by this Dividend is £1,985 (£1,985).

The Directors estimate that the Group Pre-Tax Profit for the second half of the current year will be greater than for the first half, whilst the increased interim distribution is in part intended to reduce the differential between Interim and Final, they anticipate commencing to shareholders the maximum permitted total dividend in respect of the year '67.

David Lane

**THE BOWATER CORPORATION LIMITED**  
**U.S. \$30,000,000**  
**9<sup>30</sup>/<sub>2</sub>% Bonds Due 15th July 1986**

In accordance with the Trust Deed dated 15th July 1976 made between The Bowater Corporation Limited ('the Company') and Alliance Assurance Company Limited, constituting the above-mentioned Bonds, the Company hereby gives notice that 15th December 1976 has been determined as the Exchange Date as defined in Clause 3(C) of the Trust Deed.

**W. E. J. Mites Secretary**  
Registered Office  
Bowater House  
Knightsbridge  
London SW1X 7LR

persons entitled to delivery of any of the above-mentioned Bonds are accordingly advised to obtain from the Brussels office of Euro-clear, from CedeI, or from any Paying Agent, the form of a certificate to be completed, stating that at the date of delivery of such certificate the beneficial owner of such Bonds is not a national or resident of the United States of America or its territories, possessions or any area subject to its jurisdiction. Completed certificates should be delivered to the Brussels office of Euro-clear, or to CedeI for forwarding to Euro-clear, on or after the Exchange Date. Ten definitive Bonds with Coupons attached will be available in exchange for such certificates.

## Highgate Optical steady

Turnover of Highgate Optical and Industrial Company for the half-year to June 30, 1976, fell from £2.26 to £2.05 and the pre-tax profit was little changed at £153,497, compared with £159,784.

Earnings are stated at £3.65p, against £3.8p, per 10p share, and the interim dividend is stepped up from 0.51p to 0.561p net per share.

Total last year was 2.04p from total profits of £1,300,000.

The directors state that, given some stabilisation in the value of the pound, they expect that profits for the full year will be in line with last year's record.

The company became a member of the Bayline Group in January 1976.

# Enterprise brings us another record year



“Our success is built on enterprise and performance... The year 1975/76 was successful in all respects, particularly in our overseas companies and in our export performance from the UK. We are hopeful that the current year will show further progress”

Sir John Read  
Chairman of the EMI Group  
Chairman's Review for the year

- Highlights from the Report and Accounts and Chairman's Review for the year ended 30 June 1976, now published:**
- 1 Group sales worldwide increased 33 per cent to over £670 million. U.K. exports rose from £56 million to £87 million.
  - 2 Pre-tax profits rose by 70 per cent to £59.3 million. Out of this, £31.2 million was paid in tax.
  - 3 International music business profits increased by 38 per cent, with marked advances in North America, Japan and other key territories.
  - 4 International electronics operations made
- Sir John Read  
Chairman of the EMI Group
- notable profit improvements in all four sectors—consumer, defence, industrial and medical.
- 5 Leisure businesses made slightly lower contribution overall. Thames TV achieved sharp upswing, however, through higher advertising revenue.
  - 6 Basic earnings per ordinary stock unit were 63 per cent higher at 25.8p. Good prospects for further growth in current year, especially in overseas markets.



The international music, electronics and leisure group. Operating companies in 34 countries worldwide with over 65,000 stockholders and 50,000 employees.

Group Head Office: EMI House, 20 Manchester Square, London W1







# Brae trend disappointments

14/15-1	Shell	Sedco 700	21/73-4
21/18-13	Shell	Chris Cheney	3/12-1
9/7-2	Sun	Penrod 71	21/22-1
3/13-3	Total	Pentagon 84	3/75-3
11/30-2	Transworld	Pentagon 82	21/74
	Transworld	Sedneth 701	21/75
16/7-4	Zapex	Sinbad	21/72-3
16/7-5			

involved in the engineering industry; they will most likely include oil companies and major gas users, like ICI.

GROUP	RIG	BLOCK	GROUP	RIG	BLOCK
Amoco	Sedco 135G	211/27-8	Phillips	Western Parasetter	16/17-3
BP	Key Gibraltar	48/7b-1	Shell	Ocean Voyager	15/18-2
BP	Sedco 703	211/12-5	Stradhill		211/29-7
BP	Sea Conquest	14/15-1	Sedco 700		211/13-4
Burmah	Bangway Dolphin	211/17B-13	Shell Chemicalery		3/21-1
Chevron	Dundee Eschschery	3/7-2	Sun	Penrod 71	211/22-1
Conoco	Venture 1	9/19-3	Total	Pentagone 84	3/25-3
Mess	Penrod 67	11/30-2	Transworld	Pentagone 82	21/1-4
Mobil	Sedco 704	—	Transworld	Sunesh 701	21/1-5
Pan Ocean	Odin Drill	16/7-6	Zapex	Sinbad	27/2-3
Pan Ocean	Atlantic 1	16/7-5			

**\$200,000,000**



# CATERPILLAR TRACTOR CO.

8% Sinking Fund Debentures, due November 1, 2001

# Lehman Brothers

**Merrill Lynch, Pierce, Fenner & Smith**

**Bache Halsey Stuart Inc. The First Boston Corporation Blyth Eastman Dillon & Co. Dillon, Read & Co. Inc. Drexel Burnham & Co.**

**Goldman, Sachs & Co.     Hornblower & Weeks-Hemphill, Noyes     E. F. Hutton & Company Inc.     Kidder, Peabody & Co.**

**Kuhn, Loeb & Co.**      **Lazard Frères & Co.**      **Loeb, Rhoades & Co.**      **Paine, Webber, Jackson & Curtis**

Reynolds Securities Inc.      Smith Barney, Harris Upham & Co.      Warburg Paribas Becker Inc.

Wertheim & Co., Inc.      White, Weld & Co.      Dean Witter & Co.      Bear, Stearns & Co.

# Banca Commerciale Italiana

October, 1976











## APPOINTMENTS

## Group Finance Director

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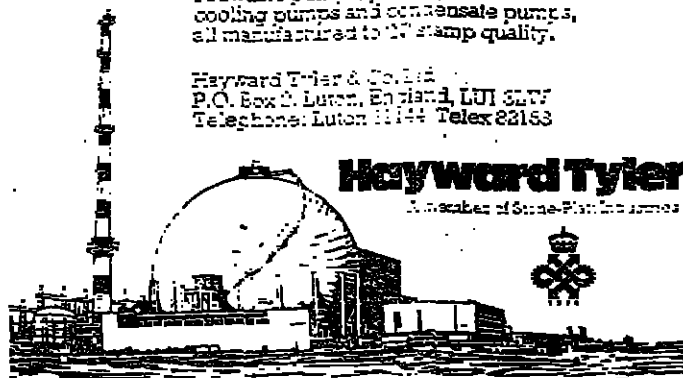


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18th January 1977

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**INTRODUCTION:** A general introduction to the industries' needs and how they can be affected by changing supply and pricing situations.

**ENERGY PROVIDERS:** A detailed comparative assessment of the merits of oil, gas, coal, and nuclear power. Secondary energy facilities are also examined.

**CONSERVATION:** An evaluation of how much energy can be saved by careful application of our resources, either through insulation, better public awareness of the problems and the importance of the part played by governmental education.

**INDUSTRIAL EXPERIENCE:** A review of how well the major industries face the problems of higher energy prices, and in some cases, the possible shortages in the future. Also examined are the changes in hardware, management and conservation attitudes which have arisen as a result of the big price increases and the uncertainty created by the last energy crisis which affected many industries.

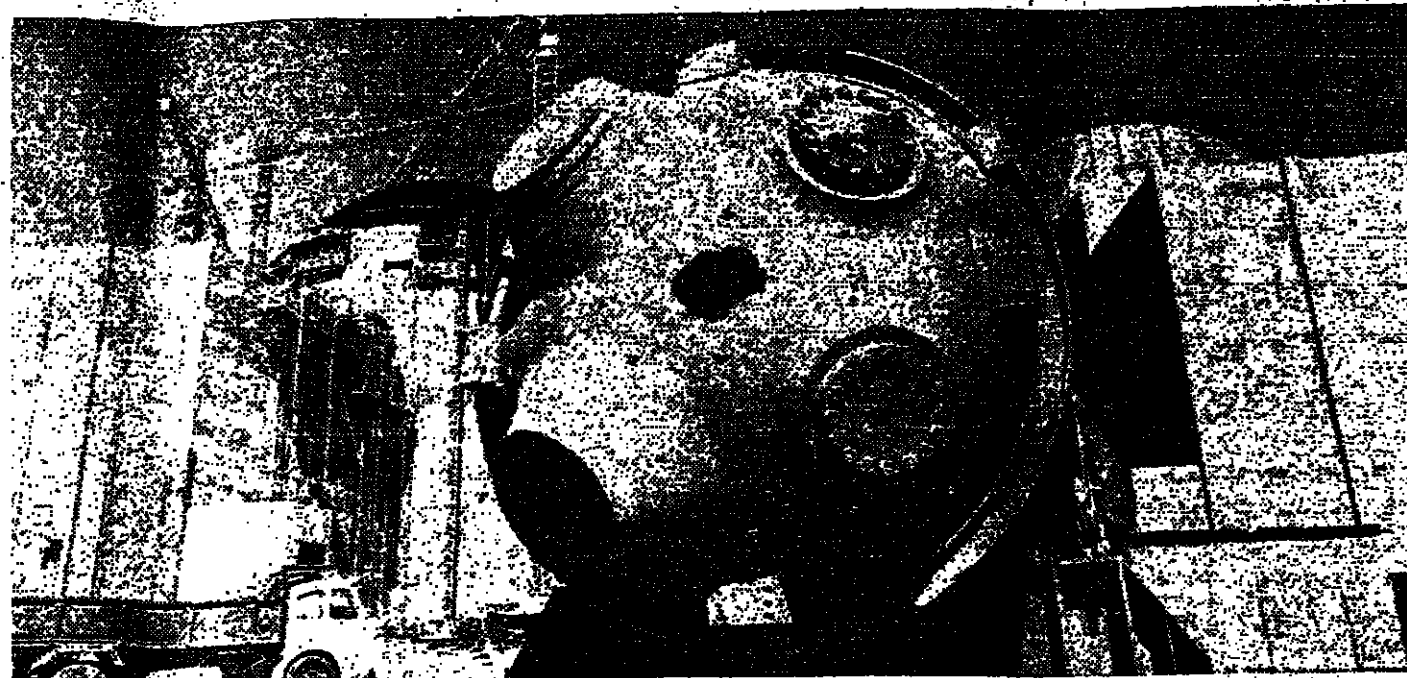
The proposed publication date for this survey is 18th January, 1977; copy date 4th January. For full details of the synopsis, and advertising rates, contact Colin Brunton—01-248 8000, ext. 642.

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.

## NUCLEAR ENERGY II

# Asking the right questions



Arrival of a steam generator for one of the twin 896MW pressurised water reactors for Spain's Almaraz station, under construction by Westinghouse Nuclear Española.

IT IS EASY, amid the enduring debate over which type of reactor Britain should adopt, to overlook the fact that on the reactor design and construction side of the domestic market the much-maligned advanced gas-cooled reactor (AGR) remains the bedrock of business. The first four of ten reactors ordered are expected to be in service this year, but owing to significant differences in design the other six will take up to three years to finish. One of the main manufacturing facilities laid down for this AGR programme, that of Babcock and Wilcox at Renfrew where 32 steam generators are being built for the "podded boiler" designs of AGR at Hartlepool and Heysham, will remain fully loaded into 1978.

Earlier this year Mr. Bob Peddie, Board member for technology at the Central Electricity Generating Board, asserted that in the AGR Britain had designed and constructed the most sophisticated thermal reactor in the world. He quoted with approval the AGR project director who had previously called the technology "watchmaking on a tonnage scale."

The reactor has come a long way from the dark days of the winter of 1974-75, when the CEBG in trying to commission its first AGR—already long delayed—were horrified to hear an ominous rumbling deep inside the system. It heralded another year's delay, while they discovered the cause of the ferocious vibration in the "gags" (giant needle valves) trying to stem the gush of hot gas from the core. The crash programme to discover the cause and to restore and modify stainless steelwork bent, battered, even chewed away by the pound, probably brought the customer, his main contractor (the Nuclear Power Company) and the U.K. Atomic Energy Authority into closer harmony than any previous step in the lifecycle of this hapless reactor.

Today, both the CEBG and the South of Scotland Electricity Board are delighted to have their first AGRs in service, with every prospect of another reactor piece in time for the peak winter load. For the CEBG it means that with nuclear electricity now accounting for 12 per cent. of its output, oil has been pushed into third place (10 per cent.) among its fuels.

For the SSEB the consequences next year could be still more dramatic. With another 1,000 MW of nuclear electricity from Humberston B, at a cost that could be 30 per cent. cheaper than coal, that a third of its demand is likely to be met from nuclear plants. The consequence must then be either significantly cheaper electricity in Scotland or a sharp difference in the profitability of the two utilities. Already the utility is writing to its consumers promising tariff stability next year. With the SSEB chairman Mr. Frank Tombs destined for the top job in the electricity supply industry next spring, the lesson is likely to be hammered home in Whitehall and at Westminster.

### Dilemma

Yet the AGR presents the electricity industry with a genuine dilemma. While paying generous tribute to the nuclear industry for its success in bringing the AGRs into service, it believes that a new AGR ordered now would have to be an evolution from all three designs now under construction. The validity of this view will be clearer next summer, when NPC expects to complete an assessment just authorised by the Department of Energy of

three reactor systems that Britain might build.

One of these three options is a Mark 2 AGR, designed to satisfy the customers that it will be simpler to construct than present designs, and the nuclear inspectors that it will include new safety features such as greater resistance to aircraft crashes. Another option is a steam-generating heavy water reactor (SGHWR) based on the 660-MW "reference design" completed last summer, but shorn of excessive costs incurred by what the nuclear industry sees as the CEBG's attempt to specify an "ideal" reactor. The third option to be reviewed is the pressurised water reactor, where the choice ranges from a reactor designed to the standards proposed for the plant to be built for BASF at Ludwigshaven to the least expensive of the U.S. installations, but where the size could be twice that of the U.K. designs.

The main benefit of the study is unlikely to be a clear-cut "best buy"—it will probably show that, under U.K. regulatory requirements and given the depressed state of electricity demand, there is little to choose in unit costs. But the question will remain whether it makes any sense for Britain to try to launch a new thermal reactor in

to a market depressed not merely in Britain but in all but a few fast-developing nations, which in any event are interested only in reactors proven at commercial size.

The main benefit of the study is likely to be that the nuclear industry will simultaneously be gaining first-hand knowledge of all three reactors. The Department of Energy should thus be in a much better position to review the government's choice of the SGHWR in light of a market significantly different from that foreseen in 1974.

One consequence already of the changed situation is that reactor choice is being considered much more dispassionately in quarters which in the days when large orders were contemplated, could afford to be highly partisan. The over-riding concern not just of NPC as unified design and construction contractor but of its principal supplier of components common to any reactor—steam generators, pumps, valves, control rods, fuel-handling equipment, sophisticated pipework, instrumentation, etc.—is how to maintain their design and project teams at a high pitch of efficiency for work that public demand is insisting must meet the most exacting engineering standards of several staging posts in the

never imposed. This concern will be stressed at a symposium planned by the British Nuclear Forum later this month, when the U.K. industry is likely to display a unanimity of views never before evident in its history.

This new unanimity will be marshalled in support of the idea of a national policy for steady ordering of nuclear plants, regardless of the choice of reactor, starting at some agreed minimum level, of the order of 1,000 MW a year, from 1979. The industry accepts that whichever of the three reactors is chosen next year, it will need until early 1979 to start construction of a new station. It also appears to accept that for the next few years at least, there is little prospect of significantly increasing its overseas business in reactor engineering.

If such a policy is endorsed by the Government and implemented by the utilities, the question remains whether the industry itself, as restructured in 1974 in anticipation of large numbers of orders, remains sensible under the new conditions. It has even been proposed that for Britain reactor design and construction might more logically be viewed as merely another of several staging posts in the

nuclear fuel cycle, and just another division in Nuclear Fuels, with its mandating £900m. investment programme in new and fuel facilities.

A more likely outcome the three major components of the nuclear industry—Nuclear Power Company, Nuclear Fuels, and reactor development—U.K. Atomic Energy—could come together as a holding company, purpose of such a change to eradicate different conditions of employment between the three or so that staff could be freely between project reached completion, ones arose. This in itself help to share out the a flexibility likely as valuable when the build up as it would when NPC is serious new design work.

### Weakness

The weakness of reorganisation is the probably have little effect on the private sector would be involved on its shareholdings in this reason it may little influence on glaring weakness of nuclear industry, namely adequacy of its man capacity. But it was profound effect on the station now under the U.K.AEA.

It would also question of who was executive of the U.K.AEA. Should it be Sir chairman of the U.K.AEA, Mr. Wedgwood appears to be trying for raising the head reactor appraisal, a Frankland, chief executive of the U.K.AEA, or Allday, chief executive of the U.K.AEA. Or should it be a man, an automatic three, perhaps, are such a man. For recently wrote the terse job specification single competent engineering job ultimately responsible.

David

## Reprocessing the spent fuel

IN A YEAR in which almost no new orders have been placed for nuclear reactors, it is hardly surprising if most of the attention has focused on the fuel cycle, and particularly that segment which concerns fuel when it leaves the nuclear reactor. How to "close the fuel cycle" without incurring a heavy penalty for nuclear electricity, without heightening the public risk from plutonium or fission products, and without courting greater risks from proliferation of nuclear weapons, has become a significant political issue.

Sweden's general election this autumn was fought around this issue. Both candidates in the U.S. presidential election raised it in major speeches. Britain indulged in two big bouts of soul-searching—first in response to newspaper accusations that the industry in planning to meet other countries' fuel cycle shortcomings would turn Britain into the world's "nuclear dustbin," and again when the Flowers Report appeared in September.

The year has confirmed trends in energy consumption since the major increases in oil prices by OPEC and forecasts of demand for fuel services have inevitably fallen. A rough yardstick of the outback world wide can be found in the size of the contract being negotiated by Britain and France to reprocess Japanese spent fuel during the 1980s, until it has sufficient reprocessing capacity of its own. Two years ago the Japanese were talking of 4,000 tonnes of spent fuel. To-day the contract is being drawn up for an anticipated 3,270 tonnes.

But the position to-day is that there is almost no fully operational capacity for the reprocessing of spent oxide fuel, the type for which there will be overwhelming demand in the 1980s. In the U.S., where 61 reactors totalling 43,000 MW have operating licences and another 165 reactors are at various stages of conception or construction, all three reprocessing plants are closed down for reasons that show no sign of being resolved quickly.

Japan's only reprocessing capacity is a 200-tonnes-a-year demonstration plant which it hopes to begin commissioning in a year's time. The Canadians have no reprocessing capacity although this has not prevented

them claiming that their spent fuel storage represents "the world's biggest plutonium mine."

France has just begun to commission "head-end" facilities which allow it to reprocess small quantities of oxide in its main plant for metallic uranium fuel at La Hague. But Britain, which commissioned a "head-end" plant in 1969, hit trouble in 1973 and does not expect to return this facility to service before 1978-79.

Nevertheless, Europe has ambitious plans. United Reprocessors—a tri-partite collaboration between Britain, France and West Germany originally set up in 1971 as a market pooling arrangement to try to avoid excess oxide reprocessing capacity and depressed prices—has subtly changed its purpose. Although it retains a marketing function—it is currently negotiating a large contract to reprocess fuel from the 10,400 MW Swedish nuclear programme, as well as fuel from British and German utilities—its key role is to pool techniques and experience of reprocessing and waste disposal.

All three partners in United Reprocessors have plans to build large thermal oxide reprocessing plants (THORPs). West Germany plans the biggest, 1,500 tonnes of annual capacity—enough to accommodate its domestic 50,000-MW power programme. It is seeking a site which will include facilities for "ultimate" disposal of the solidified high-level radioactive waste. Britain and France are planning THORPs of the order of 1,000 tonnes, primarily to meet domestic arisings—both countries have recently begun to operate their first oxide-fuelled plants—but also to undertake export contracts.

Moreover, United Reprocessors has drawn up a contract which not only stipulates a large downpayment—40 per cent—by electrical utilities towards the cost of the reprocessing capacity, but also contains a cost-plus condition to insure the reprocessor against further unpleasant surprises arising from, for example, tighter safety requirements in the cost of constructing the plant.

British Nuclear Fuels, Britain's shareholder in United Reprocessors, received the Government's permission last March to

expand its export business in oxide reprocessing. This month it obtained local planning permission for a scheme for redeveloping its Windscale factory from a rather untidy conglomeration of nuclear activities assembled over the past 30 years into an integrated factory for storing and reprocessing natural uranium and oxide fuels. The plan includes the first 1,000-tonne THORP and a major new investment in magnox (metallic uranium) reprocessing. It also includes facilities for the step-by-step development of Harvest, a Harwell-invented process for vitrifying high-activity waste, expected eventually to be incorporated into the THORP.

What makes British Nuclear Fuels so confident that it can make a technical success of THORP, a £350m. venture, when the recent history of oxide reprocessing is a chapter of accidents and commercial disasters? Mr. Peter Mummery, Windscale's general manager, recently recruited from Britain's fast reactor project at Dounreay, offers three reasons for his

company's confidence. To-day, the plant is being paid for by the customers—the electrical utilities—at home and abroad. Prospective customers of the technical calibre of the Central Electricity Generating Board in Britain and the major Japanese and Swedish utilities have examined the plans and declared their readiness to pay.

Secondly, the accident to its "head-end" plant three years ago, when an unforeseen chemical reaction puffed radioactive gas out of an imperfectly sealed plant, contaminating 35 operators, alerted the company

indeed the world's reprocessing industry—to the difficulties of treating highly irradiated fuel, with burn-ups of five to ten times those of magnox fuel. The company has closely reconstructed its plans, and found them wanting in many points of engineering detail and under-estimating, invested much more in research and development. As a result the THORP now projects 35,000-36,000 MW-days for oxide

Results from a far more sophisticated plant, replete with engineering redundancy to insure against any interruption in the service offered.

Mr. Mummery's third point for confidence is the completion at Dounreay of a unique experimental reprocessing facility which Britain expects to start commissioning late next year. This is believed to be the world's first facility for reprocessing plutonium fuel elements from a fast reactor. Not even the French, with more than two years' experience of their 280-MW fast reactor at high performance have embarked upon such a venture—they plan to feed fast reactor fuel bit by bit into their new "head-end" plant.

The Dounreay facility has been adapted from a small unit reprocessing highly enriched uranium fuels. It has been designed to handle fuel of exceptionally high burn-up—100,000 megawatt-days per tonne—compared with 4,000 MW-days for magnox and 25,000-30,000 MW-days for oxide

Why was the facility Dounreay, when increasing to grow operations, conceals plutonium into a cycle centre at (which already has a year facility for plutonium fuel)? It because it would be cheaper to convert facility than to scratch, and partly the scale of program anticipated for Windscale expects to spend refurbishing its mag processing facilities in first-generation unit. These are now expected their design handsome margin heavy workload of reprocessing is to continue into the 80s.

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## NUCLEAR ENERGY III

# America's blind date with Mr. Carter

SINCE THE dawn of the atomic age every American President has vigorously supported the development of a strong civilian nuclear power programme. Now, on January 20 next, a President will take office who has frequently expressed doubts about nuclear energy, who refers to it as "dangerous," and who has taken such extraordinary steps as suggesting that all future reactors should be built underground. One might therefore expect to find the U.S. nuclear industry in profound shock, in a final seizure after its protracted illness of the past few years.

Instead, there is a new sense of possibility, even of subdued excitement. Although it is doubtful whether any of the captains of the nuclear industry actually managed to bring themselves to support Mr. Jimmy Carter, there is a great feeling in the industry, and in those parts of the U.S. Government concerned with the industry, that the polarisation of energy—and therefore nuclear policy—along ideological lines can end, and in ending produce more rational decisions.

## Courting

Despite what Mr. Carter has said in the course of courting a diverse constituency, America's overall energy supply situation is deteriorating rapidly, and Mr. Carter's Presidency may well be made or lost on his ability to resolve the impending energy crisis. While the election campaign dwelt at length on social issues, it is apparent that Mr. Carter's ability to finance his vision of a more egalitarian, more socialist America depends on his ability to fuel it. And all the indicators at this moment show that this may be very hard to do.

Although Mr. Carter has courted and put his arm around

Mr. Ralph Nader—the consumer spokesman who in 10 years has done so much to raise the level of U.S. consumer consciousness—the evidence is that Mr. Carter has not, as he might say, embraced this philosophy in his heart. He has been promising more of the pie to more Americans: he is promising an expansionist policy of full employment and economic growth, probably spearheaded with a tax cut.

Although some environmentalists dispute the fact, a lock-step has been demonstrated in America between energy consumption and the Gross National Product. As the President-elect seeks to improve the economy, he must do so in the face of three key facts.

The first is that production of oil and natural gas in the U.S. is in decline. At the commencement of the Arab oil embargo in 1973, the nation imported some 28 per cent. of its energy. To-day it imports 44 per cent.—mostly oil. But this oil, much of it once supplied by Canada and the non-Arab members of OPEC, is coming increasingly from the Middle East.

The second is that a major electricity shortage is in the making for the 1980s, when the nation's reserve capacity will fall to a point where rotating "brownouts" and "blackouts" are to be expected. Recently the American Public Power Association warned that to accommodate present growth in the economy installed electrical capacity would have to double by 1990.

The third fact is that the only way to alleviate the fuel crisis in the time available is to accelerate the rate of building coal and nuclear base-load generating capacity. As one energy authority after another has declared: there is no other choice.

The problem facing Mr. Carter is that in order to accelerate electricity plant construction, and particularly nuclear purchases, he has to take actions

that will bring him the scorn of the environmental lobby which supported him. He has to guarantee dependable licensing of nuclear power plants through a more orderly process. In order to accomplish these changes he may have to ask the Congress to take some politically contentious actions, such as amending the National Policy Acts of 1969 and 1954.

There are a great many other areas in which the new Administration will have to move to bolster the confidence of the industry so that it becomes economically viable and able to provide the generating facilities the nation will need by the end of the century.

## Pollution

The two great issues that really underlie the nuclear debate are waste disposal and proliferation. In trying to unravel these problems, Mr. Carter will learn again that the simple solutions of political rhetoric have only a tangential relationship to facts. He will learn that many of the decisions that, if taken otherwise, could have reversed the nuclear era, were taken when he was a young officer in the U.S. nuclear navy (a position that he has used freely to bolster his criticism of nuclear power).

He will learn again that the real crisis in waste management is already with the U.S., that it dates from the nuclear weapons and nuclear navy programmes, and that permanent waste disposal is a necessity, not just an option. He will also learn that the export of nuclear equipment and of nuclear expertise has been practised by the U.S. for many years, and that suddenly to withdraw from that business would probably decrease world nuclear stability.

Another challenge for Mr. Carter is a philosophical one. He will have to decide which part of the U.S. nuclear industry properly belongs in the

private sector and which with Government. The Ford Administration, and the Nixon Administration before it, were unable to deal with this problem in its own right and spent great effort futilely wishing more and more of the nuclear infrastructure into the private sector, when neither Congress nor private industry was greatly interested in making the change.

Now it appears that most of the fuel cycle, all of reprocessing and waste disposal, and uranium enrichment, will stay forever in the Government sector. Such a conclusion would have been anathema to the Republicans but it can be at least conceived by the Democrats, whose ideological difficulties lie more in the area of social services than in the Government ownership and operation of hardware.

Whether anyone likes it or not, the Carter Presidency is also likely to see great changes in the ownership and operation of the nation's 150 investor-owned utilities. Regulated in their profits, and frustrated by consumer resistance and environmental constraints, these companies are facing an uncertain future exacerbated by an acute shortage of capital.

Utilities are faced with such monumental challenges as whether or not they can commercialise the fast breeder reactor (assuming Mr. Carter continues this programme, one that he has often attacked). It becomes clear there may be a need for more central planning and Government money than the utilities have admitted heretofore.

On top of all this the Carter administration will have to take into account the tangible evidence of public support for nuclear power, in spite of the growing stridency of the opposition groups. This support was most recently registered in the overwhelming defeat of anti-nuclear initiatives in the November ballots in six U.S. States. The vote counts paral-

leled closely the results of the first such initiative in California in June, and, if extrapolated throughout the nation, indicate that two out of three Americans are against shackling the nuclear power industry to the point of debilitation.

It all devolves, then, on Mr. Jimmy Carter—or, rather, on those he appoints to serve him. In most respects, a President flourishes or fails by the quality of his staff. So one finds the nuclear industry and the utilities waiting anxiously for signs that the so-called Carter transition task force is making the right moves.

The key man making these decisions is Mr. S. David Freeman, a one-time science advisor to the White House, who gained some notoriety by his conduct of a \$4m. energy policy study for the Ford Foundation. That study was not well received and there is active concern as to whom Mr. Carter will pick for his key appointments in the Energy Research and Development Administration (ERDA) and elsewhere.

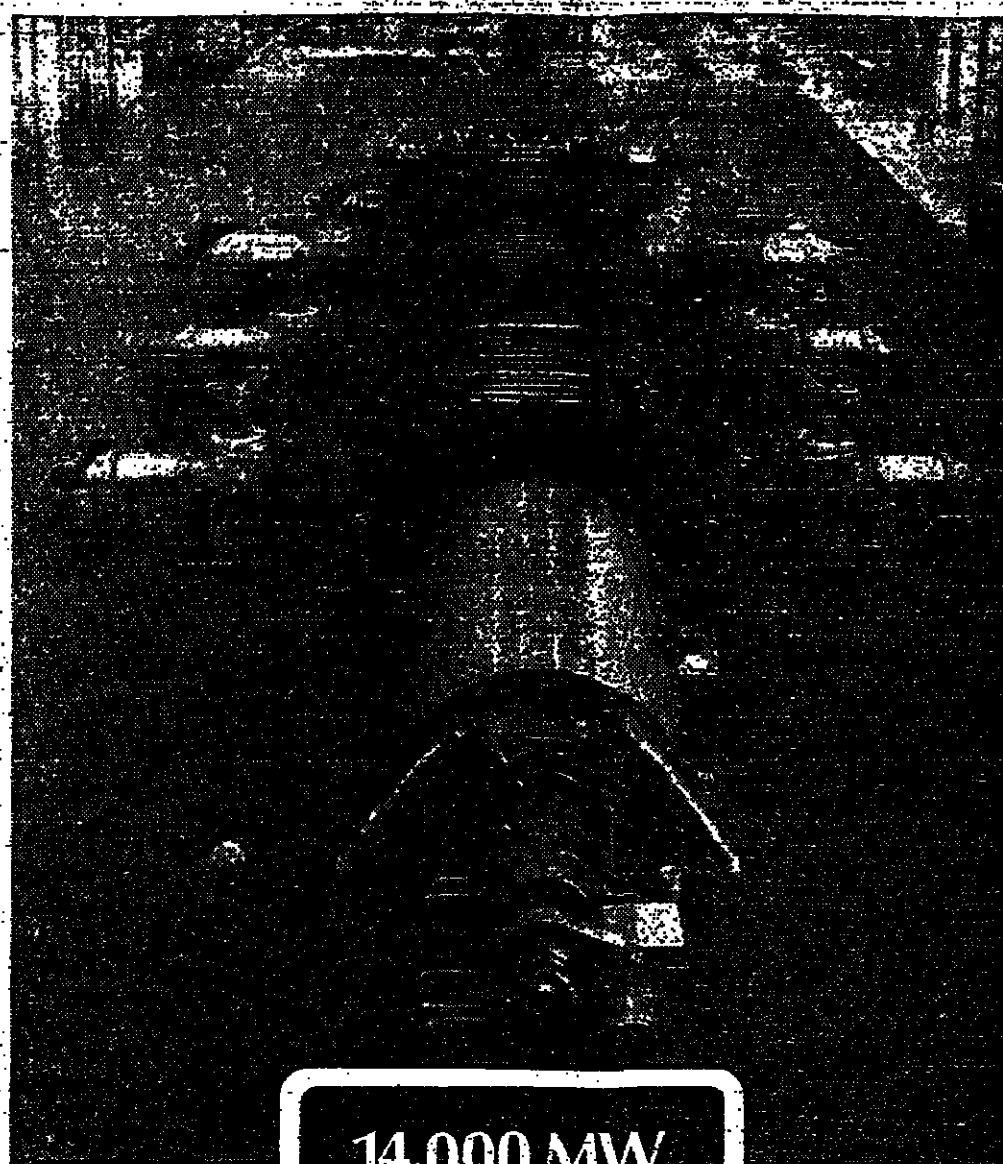
## Names

There is some strong indication that Mr. Carter will in fact circulate several names, as he did in the matter of selecting a Vice-President, and then, on the basis of public and industry reaction, submit one that appears acceptable.

Whatever he decides to do and whatever he would like to do, the great challenge is going to be to Congress. Admittedly, Democratic Congress has not always given Democratic Presidents what they wanted—as with John F. Kennedy. Mr. Freeman has recently worked with one of the committees of Congress and he is popular on Capitol Hill, so there may be some method in the new President's position first energy appointment.

While all this gets going, Americans and especially the U.S. nuclear industry are feeling all the apprehension and all the expectation that comes with a blind date.

Llewellyn King  
Editor, The Energy Daily,  
Washington DC



## 14,000 MW of Parsons Turbine-Generators for nuclear power stations

Parsons' experience of building turbine-generators for nuclear power stations is greater than that of any other manufacturer outside the USA. The reliability of the turbines for both 'wet steam' and 'dry steam' reactors is unrivalled.

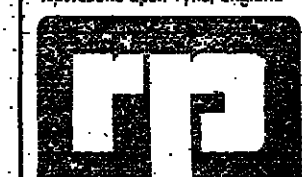
In May 1971 the first Parsons 540MW wet steam turbine, operating in conjunction with a CANDU nuclear reactor, achieved full power at Ontario Hydro's Pickering 'A' generating station in Ontario, Canada. It was followed by three identical units and the station was fully operational by May 1973. Pickering 'A', completed well ahead of

schedule, is generally recognised as the world's most successful nuclear power station.

In all, Parsons have 8880MW of wet steam turbine-generators running or on order. In addition to Pickering 'A', there are four 540MW sets for Pickering 'B', four 800MW sets for Ontario Hydro's Bruce power station (the first is shown above), a 680MW set for New Brunswick's Point Lepreau station, and a 680MW set for Korea Electric Co's Wolsung-1. All these sets are being built in conjunction with Parsons' Canadian associates, Howden Parsons Ltd.

In the UK, Parsons supplied the turbine-generators for the first nuclear power station in the world, Calder Hall, and their first machine for an AGR station, Hunterston 'B', is performing excellently. UK nuclear stations operate with 'dry steam' conditions and Parsons have supplied, or have on order, over 5000MW of plant.

**C.A. Parsons & Company Ltd**  
Heaton Works,  
Newcastle upon Tyne, England



Reynolds Parsons Group

Whatever nuclear reactor is installed, Parsons can build the turbine-generators on time and with proven reliability

# The case for fast reactors

IN ANY context other than nuclear energy a mechanism for the conservation of fuel that promised to stretch it 50 or 60 times would be heralded nowadays as a masterpiece of human ingenuity. Unverified claims for "additives" to petrol that stretch it only 10 or 15 per cent. have drawn exuberant headlines since the OPEC oil price increases.

In the case of the fast breeder type of reactor, however, the claims of the nuclear industry to have demonstrated one of the most difficult feats of engineering yet attempted, as a major step towards proving the ultimate value of the fast reactor, are greeted by widespread scepticism and emotional reaction even in quarters which might reasonably be expected to view the project dispassionately. For government the problem is to separate any genuine public apprehension of the new technology from the assaults of those implacably opposed to nuclear power, who recognise that—at least for those countries lacking indigenous uranium—the fast breeder reactor (FBR) offers the prospect of perpetuating nuclear power long after economic uranium resources have run out.

Britain was one of the first nations to recognise the value of a nuclear reaction which might be engineered to breed more fuel than it consumed. Lacking anything but traces of uranium, its vulnerability to the world price and availability of the fuel was the reason which drove Harwell scientists to invent their "breeder" type of reactor. Britain claims that its basic engineering concept of a plutonium oxide fuel core cooled by molten sodium has been adopted by every country with a major development effort on the FBR, including the U.S., Russia, France, W. Germany and Japan.

Three of these countries—Russia, France and the U.K.—have brought the concept to the stage of operating at high power levels prototype power stations of the size of Calder Hall, the world's first nuclear power station. France, with its 250 MW Phenix reactor, not

only completed the project on schedule but achieved astonishing levels of performance during the first two years. Had Britain, which embarked upon its prototype before the French, achieved similar performance, the French believe that the dual demonstration would have had an advantageously synergistic effect on public opinion.

In the event the British, Russian and (last summer) the French projects have all run into the same pattern of technical troubles. They concern the steam generators and the transfer of heat from molten sodium to water. Britain, for example, has discovered that no matter how meticulously it inspects certain welds in its present steam circuits it cannot guarantee that they will not leak. The British designers had gone from the outset for a fairly sophisticated design of steam generator, but even the French, who kept Phenix's circuits extremely simple, have not been immune from trouble.

## Circuits

The prototype fast reactor (PFR) at Dounreay, a project to which more than 30 U.K. engineering companies have made major contributions, is operating at last on all three steam circuits. But with uncertainty remaining about the integrity of the steam circuits, a decision was taken by the U.K. Atomic Energy Authority earlier this year to replace the steam generators with a new design of the same unit size developed for the commercial fast reactor, at a cost of £10.5m. The new boilers will be installed, it is hoped, in 1979 and will provide operating experience in ample time for the next phase of the programme, a 1,200 MW demonstration power station.

The new steam generators are much simpler in concept, chiefly by virtue of the absence of sodium-heated reheaters. The idea is to have live steam reheating with the reheat units alongside the turbines in the demonstration plant. In addition, a once-through system has been chosen instead of the present forced recirculating system, because it will match

reactor conditions more flexibly. By using lower steam temperature—50°C lower—the designers have been able to use a ferritic steel for both evaporator and superheater sections.

Finally, while retaining the U-design of PFR, the designers have eliminated all welds in the tubes within the sodium system so that any weld leak cannot cause a sodium-water reaction. The demonstration plant (CFR-1) will use 16 of these units to produce 1,300 MW.

The three new units for PFR are to be made in a joint exercise by Babcock and Wilcox and Clarke Chapman/John Thompson, with the former fabricating the reheaters and the latter the superheaters. The Nuclear Power Company, as the UKAEA's prime contractors, have invited tenders to be in by next month.

It will be the largest contract placed so far relating directly to major components for a full-scale U.K. demonstration, although feasibility contracts on the manufacturability of several major design features—including the rotating shield (with Vickers) and certain large forgings—have been awarded to other companies. The next big project, given a decision to go ahead with CFR-1, is likely to be the ordering of a prototype pump for molten sodium, for testing on the new sodium rig being completed at Risley.

But the technical troubles encountered so far in several years' experience of the prototype reactors—and the whole point of building prototypes is to try to uncover at an early stage the technical troubles which could impede the full-scale project—are not the problems on which the FBR's critics have focused their attention. In fact, if there is one thing above all the prototype FBRs appear to have demonstrated convincingly it is the basic soundness of the reactor as an engineering concept. As Sir John Hill, chairman of the U.K. AEA, commented of PFR recently: "I can say that the reactor is, as expected, very smooth and stable in operation and is behaving exactly as predicted."

The critics have now switched

much of their opposition to the fuel cycle: to the fact that the reactor is designed to make plutonium at a much faster rate than thermal reactors, and that this material will be extracted, refined and returned to the reactor in what eventually must become a large-scale industrial operation.

In Britain their opposition has focused upon the CFR-1 project, which they see as a big step in this direction. Ironically, PFR has already been planned as a demonstration of the complete fuel cycle. Just completed alongside the reactor is a reprocessing facility for full-scale fuel elements from the FBR, highly instrumented as a demonstration plant capable, it is hoped, of extracting up to two tonnes of plutonium a year.

## Shipments

In 1978, before Britain could possibly start work on CFR-1, the first shipments of plutonium from Dounreay should be travelling south to the plutonium fuel fabrication plant at Windscale, in operation since 1971. Before the decade is out Britain expects to be the only nation with a fast reactor operating on commercial-size steam generators, with a core based throughout on plutonium fuel made on a factory scale (10 tonnes a year), and with reprocessing to close the fuel cycle.

Nevertheless, if Britain is to continue to develop the FBR for its own electricity needs in the 1980s and onwards, and with any serious prospects of participating in the world market for fast reactor engineering, it now needs to build CFR-1. If one lesson above all has already been learned from PFR it is that commercial-size fast reactors could never be manufactured to the standards demanded on a "jobbing-shop" basis. The risks of taking so cavalier an approach far outweighed those so vociferously voiced by its critics and opponents. CFR-1 is required as the testbed for a new kind of industry that it will take Britain at least ten years to build up.

D.F.

## A list of all other companies manufacturing pipe to the Cameron standard of excellence for the Nuclear Industry



**Cameron**  
Iron Works Ltd

FORGED PRODUCTS DIVISION • Housay Road, Livingston, West Lothian, Scotland • Tel. Livingston 2555 • 0223 2555 72/3

0223 2555 72/3



## GOLD MARKET

## GOLD MARKET

NEW YORK, Nov. 11.

Gold coins	\$158-160	\$15
domestically		
Krugerrand	\$265-68	\$28
New Sovereign	\$48-50 1/2	\$48
	\$28-31	

Old Ser'n gins	\$45.48	\$45
Grain Colins	\$22.19	\$22
Internals		
Knigerrand	\$187.189	\$18
	(\$24.05)	\$24
New Ser'n gins	\$48.50	\$48
	\$20.51	\$20
Old Ser'n gins	\$42.44	\$42
	(\$26.17)	\$26
520 Eagles	\$219.22	\$22
910 Eagles	\$120.123	\$11
	\$22.50	

FOREIGN EXCHANGES		Market
Sov. Pl. 1975	Bank Rate %	Day's Spread
New York	51 1/2	1.6225-1.6310

Montreal	842	1,068-1,687-5
Amsterdam	7	4,234-4,134-4
Buenos Aires	9	89,79-89,79-7
Copenhagen	11	38,46-38,46-4
Frankfurt	520	4,61-4,61-5
Lisbon	532	50,82-51,2-2
Mexico	7	11,95-11,95-1
Milan	25	1,494-1,492
Oslo	5	2,55-2,55-2
Paris	1072	8,67-8,67-2
Stockholm	8	6,87-6,81-1
Tokyo	510	5-5-435
Zurich	4	17,70-17,70-2
	2	4,25-4,25-3

Basic discount : Rates of convertible francs : Financial	
60.50.	

OTHER MARKETS	
	NOTES
Argentina 227 55 217 75	Argentina
Australia 1 0 58 1 266	Australia
Brazil 18 08 13 28	Brazil
Finland 6 4 5 5	Finland
France 53 338 51 498	France

Hong Kong	7.76-7.76	Denmark
Iran	115-116	France
Kuwait	0.465-0.475	Germany
Luxemb.	80.75-80.85	Greece
Malaysia	4.100-4.115	Italy
N. Zealand	1.882-1.91	Japan
Saudi Arabia	7.70-8.3	Nether.
Singapore	5.888-5.894	Norway
S. Africa	1.467-1.482	Portugal
U.S.		Spain
Canada		Switzerland
C81		U.K.
C.S. cents	102.25-102.28	Yugosl.

\*Basic discount. †Rate gr.  
rate: BSRA rate 405.3-405.

**FORWARD RATES**

— One Month —

New York 1.50-2.40 p.m. 4.  
Montreal 0.96 .80 p.m. 4.  
Amsterdam 2.4 .34 p.m. 78  
Brussels 2.4 .34 p.m. 78  
Copenhagen 1.4 .34 p.m. 78  
Frankfurt 1.4 .34 p.m. 78

London	16 c. pm-10 c. dispa
Madrid	2 1/2 - 70 c. dis. 46
Milan	3 18 1/2 dis 18
Oslo	3 1/2-1 1/2 tele pan 10
Paris	2 1/2-1 1/2 c. pm 13
Stockholm	2 1/2-1 1/2 c. pm 71
Vienna	25-15 c. pm pan 10
Zurich	2 1/2 c. pm 12

See month forward U.S. do  
and 12 month 13.48-18.25c per

BRAZE			
	Nov. 11	Price Last	%
Delta Dental Pl.	4.31		0
Delta Minera OP	2.49		0
Delta PP	1.0		0
Jacks Santos OP	0.98		0
Loyas Azme OP	1.38		0
Petrolera PP	4.00		0
Unifon OP	2.52		0
Unimex OP	2.10		0
Unimex S.A. OP	2.48		0

Vol. Gr. 48 Sm. Share  
Source—Min de Jans:

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**JOHANNESBURG**  
**MINES**  
Nov. 11  
Anglo-American Corp.

East Driefontein  
Elsburg  
Harmony  
Klincks  
Kloof  
Rustenburg Platinum  
St. Helena  
South Vaal  
Gold Fields SA  
Union Corporation  
De Beers-Deferred  
Byvoorzichth  
East Rand Pty.  
Eros State Gold

President - Brand  
President, Stuen  
Stilfstein  
Welkom  
West Driestonte  
Western Holdings  
Western Deep

**INDUSTRIALS**

African Explos. and Chem.  
Anglo-Amer. Industrials  
Barlow Rand  
CNA Investments

2.01	Currie Finance
	De Beers Industrial
	Edgars Consolidated Inv.
	Edgars Stores
	Ever Ready SA
2.1	Federale Volksbelegings
	Greaternauds Stores
	Guardian Assurance (SA)
	Helotts
2.2	LTA
	McCarthy Rodwys
1.3	Nedbank
1.2	OK Bazaars
2.6	Premier Milling

2.1	Pretoria Cement	2.1	2.1
2.2	Procter & Gamble	2.2	2.2
2.3	Rand Mines Properties	2.3	2.3
2.4	Rembrandt Group	2.4	2.4
2.5	Retco	2.5	2.5
2.6	Sage Holdings	2.6	2.6
2.7	SAPPPI	2.7	2.7
2.8	S.C.G. South Sugar	2.8	2.8
2.9	Sorec	2.9	2.9
3.0	SA Breweries	3.0	3.0
3.1	Tiger Oats and Nat. Mills	3.1	3.1
3.2	Unisec	3.2	3.2

SPAIN		
Nov. 11		Per ct
Asland		171
Rancho Lopez Quesada		421
Rancho Bilbao		399
Rancho Atlantic (1,000)		420
Rancho Central		604
Rancho (150)		600
Rancho Exterior		512
Rancho General		426
Rancho Granada (1,000)		514
Rancho Hispano		560
Rancho Iberico		390

Madison	400
Banco Int., Cst. (1,000)	305
Banco Mercantil (1,000)	305
Banco Occidental	275
Banco Popular	370
Banco Santander (500)	305
Banco Uruguayo (1,000)	424
Banco Vaca	430
Banco Zaragozano	650
Bankindia	275
Banco Andaluces	260
Alfonso Hurtado	310
Barbosa Wilcox	20
CIC	275

Dragagem	330
Innobot	330
E. T. Argoresas	303.4
Espanha Zinc	164
Expl. Rio Tinto	245
Felsa (1.000)	103.2
Ferros (1.000)	107
Financiera SA	253
Financiera Servicios	267
Gal. Pinedas	299
Grupo Velazquez (400)	220
Hidro	173
Interbero	127
Interbero	127

Alumina	236
Alumina	276
Papierfabrik	167
Papierfabrik	325
Papierfabrik	366
Sandpapierfabrik	135
Sandpapierfabrik	76
Telefonfabrik	145.2
Telefonfabrik	313
Telefonfabrik	194.75
Telefonfabrik	447
Telefonfabrik	171







## Markets give ground awaiting to-day's trade figures

### Share index 3.3 off at 299.4—Chloride rights issue

prices fluctuated only narrowly before ending a shade lower in choice. A penny off in front of and after the half-year price which was much in line with expectations, Boots were finally down at 92p. Smiths Industries were also 2 down, at 107p, and of and following the results, Bank Organisation, 108p, and Pilkington 242p, both shed 3, while Glaxo came back 6 in 347p and Unilever

fell 10 to 32 1/2. Outside the  
leaders, Davies and Newman  
2 to 8 1/2 on the net loss for the  
half-year, while falls of 3 occur  
in English Clay, 38 1/2, and  
Wilson Walton, 35 1/2. Recoveries  
came back 4 to 5 1/2. Chubb, at 32  
reliquesued Wednesday's gain  
2 which followed the interim  
20, but the latter was not  
significantly lower profits in the  
half of the current year. In  
Burndett Investments 1 1/2. The  
8 1/2. Following criticism of  
bid for Graf Diamonds, the share  
touched 28 1/2 before ending  
harder on balance at 25 1/2 to finish  
the offer. Whalman rose put  
4 more. The latter was not  
3 of the other major

Among quiet Motors, Daimler-Benz rose 1/2 to 100, while Chrysler eased 3 to 70 1/2 and Dwyer reacted 1/2 to 119 1/2. British Leyland shed 1/2 to 23 1/2 as did Great Britain to 20 1/2. Turner Manufacturers contrasted with a rise of 5 to 5 1/2 on small buying in a restricted market, while substantially unchanged earnings caused Herman Smith to finish fractionally better at 8 1/2. Garages moved narrowly up 1/2 to 21 1/2.

Among sparse changes in New York papers and Publishers, *Beaverbrook "A"* eased 1½ to 25¢ while *Pyramid* lost the turn.

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Royal Dutch/Shell's third quarter results pleased not only Oils but also helped to sustain equity markets initially and Shell rallied from a lower opening.

**Leading Inds. easier**  
Loading: Miscellaneous Industries started firmly enough but came back with the general uncertainties prevailing later. Business was generally small and

## NEW HIGHS AND LOWS FOR 1976

Stock	Denomina- tion	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
Shell Transport	£1	17	212	- 4	402	256
ATs Defd.	25p	13	394	+ 6	482	322
Becham	25p	14	208	- 1	225	183
P	25p	11	320	- 3	390	289
KN	£1	10	668	+ 4	690	537
Patons	£1	9	228	- 6	369	303
Mil	25p	8	50	+ 3	70	41
Unilever	50p	3	197	+ 1	207	178
Roots	25p	8	92	- 10	500	346
Chloride	25p	7	312	- 2	148	79
Courtaulds	25p	7	77	- 10	116	72
EC	25p	7	73	- 1	180	73
Flaxo	25p	7	133	- 1	168	112
US 'A'	50p	7	347	- 6	422	280
	25p	7	142	- 2	224	123

The above list of active stocks is based on the number of bargains

recorded yesterday in the Official list and under Rule 153(1) (e)

### Option Report—3-month Call rates

[illegible]

The following securities quoted in Share Information Service yesterday attained new Highs and Lows for 1975.

**NEW HIGHS (6)**

Picture	HOTELS (1)
Whatman Recor	INDUSTRIALS (1)
Carnegie Inv.	TRUSTS (1)
Metramar	MINES (3)
Boralt Tin	Killinghall

NEW LOWS (11)

Wittrust  
Plassey  
Lovell (G. F.)  
Pyke W. J.  
Insurance General  
Hill (Chas.)  
Lambert, Inds.  
Lotus Car  
Metals Exploration

**BANKS (1)**  
**ELECTRICALS (1)**  
**FOODS (3)**  
Sommortex  
**HOTELS (1)**  
**INDUSTRIALS (3)**  
St. Gobain  
**MOTORS (1)**  
**MINES (1)**

## RISES AND FALLS

YESTERDAY		Up	Down	Same
Stocks	Funds	54	1	
Corpor.	Dom.			
Foreign	Bonds	4	8	
Industrials		231	325	1,7
Financial and Prop.		82	136	3
Oil		5	10	
Plantation		5	8	
Alms		43	42	
Recent Issues		6	3	

**REPORT**

## Broads boat revenue up

BLAKES of Wroxham, one of the biggest boat-letting agencies on the Broads, has announced that revenue from its hire companies has risen by more than 30 per cent this year.

Some weeks, up to 25 per cent of those holidaying on the Broads came from overseas.

\_\_\_\_\_

Discount houses paid 14-14 1/2 percent for secured call loans in the early part, but rates eased to 12-13 percent by the end of the month.

## MONEY MARKET

# Interest rates firmer

Short-term fixed period interest rates were slightly firmer in the London money market yesterday, with the three-month rate rising to 14.1-14.2 per cent from 13.5-14.0 per cent. This is very close to the Bank of England Minimum Lending Rate is calculated, but market sentiment tended to suggest that the rate would rise to 14.5 per cent. It is unlikely this week

13.41 per cent in places. Some balances may have been taken as high as 15½ per cent, but rather in the close were in the region of 12½-14 per cent.

In the interbank market overnight loans opened at 14½-15 per cent and touched 15½-15½ per cent, before falling to 13-13½ per cent and closing at around 14 per cent.

Rates in the table below are nominal in some cases.

## BASE LEND RATES

Allied Irish Banks  
 American Express F  
 Anglo-Portuguese B  
 Henry Ansbacher  
 Banco de Bilbao  
 Bank of Cyprus ...  
 Bank of N.S.W. ...  
 Banque du Rhone  
 Barclays Bank ...

Barnett Christie Ltd  
Bremar Holdings  
Brit. R. & S. Ltd

- Brit. Bank of Aus. I
- Brown Shipley .....
- Canada Permanent .....
- Capitol C. & C Fin. ....
- Cayzer, Bowater & Co. ....
- Cedar Holdings .....
- Charterhouse Japhe C.
- E. E. Coates .....
- Consolidated Credi
- Co-operative Bank .....
- Corinthian Securiti
- Credit Lyonnais .....
- G. R. Dawes .....
- Duncan Lawrie .....
- Eagle Trust .....
- English Transcont.
- First London Secs.
- First Nat. Fin. Cor.
- First Nat. Secs. Ltd
- Antony Gibbs .....
- Goode Durrant Tru
- Greyhound Guarant
- Grindlays Bank ....

■ Hambros Bank  
■ Hill-Samuel

- C. Hoare & Co. ....
- Julian S. Hodge .....
- Hongkong & Sham .....
- Industrial Bank of S .....
- Keyser Ullmann .....
- Knowsley & Co. Ltd .....
- Lloyds Bank .....
- London & European .....
- London Mercantile .....
- Midland Bank .....
- Samuel Montagu .....
- Morgan Grenfell .....
- National Westminster .....
- Norwich General T .....
- P. J. Robinson & Co. ....
- P. Rossmitters & Accep .....
- Royal Can. Canada Tr .....
- Schlesinger Limited .....
- E. S. Schwab .....
- Security Trust Co. Inc .....
- Shenley Trust .....
- Standard Chartered .....
- Trade Development .....
- Twentieth Century .....
- United Bank of Ky .....
- Whiteaway Laidlaw .....
- Williams & Co. ....
- Yorkshire Bank .....

Members of the Acceptance Committee.

3-day deposits 11%. 1-mo.  
 11%.  
 7-day deposits on terms of  
 under 1% up to £25,000  
 over £25,000 11%.  
 Demand deposits 12%.  
 Call deposits over £1,000

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**CORAL INDEX**  
 Close 295-300

## INSURANCE RATES

**RATES**  
Atlantic Assurance  
Canon Insurance  
Address shown under Ins  
Property. Bond table.

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**Port of Ty  
dues up 12**

PORT OF TYNE AND

putting up its dues an-  
by 12½ per cent. from 1  
to meet increased  
costs. The Authority  
deficit of nearly £200,000  
1974-75 but is hoping to  
turning this year.

FIXED INTEREST		1968, Nov. 11		1968, Nov. 10	Tuesday Nov. 9	Monday Nov. 8	Friday Nov. 7	1968, Nov. 6	Wed. Nov. 5	1968, Nov. 4	1968, Nov. 3	1968, Nov. 2	1968, Nov. 1	1967, Nov. 30	Completion		
		Index	Yield %											High	Low	High	Low
1	Consols 2½% yield ...	15.27	15.27	15.28	15.37	15.12	15.34	15.08	15.57	14.78	-	-	-	-	-	-	-
2	30-yr. Govt. Stocks (8) ...	45.85	14.72	43.86	43.68	44.49	44.21	43.82	43.14	43.00	46.81	58.45	42.81	115.49	58.27	58.01	117.10
3	30-yr. Red. Deb. & Loans (15)	44.04	16.65	44.04	44.01	44.07	44.07	43.56	43.19	43.09	46.85	52.40	43.09	115.43	51.01	52.40	115.43
4	Investment Trust Prefs. (15)...	43.58	15.95	43.49	43.41	43.56	43.56	41.49	41.25	41.32	47.15	52.40	43.11	115.43	51.01	52.40	115.43
5	Coml. and Indl. Prefs. (20) ...	58.90	15.34	58.38	57.87	57.87	58.38	57.15	55.99	56.14	64.36	71.97	64.36	114.26	47.87	71.97	114.26
Section or Group		Base Date	Base Value	Security or Group		Base Date	Base Value	Financial Times		Bracken House, Cannon Street, London. EC4P 6BY. Price 13c. Ex post 10c.							
Overseas Trade		31/12/74	180.80	Insurance Brokers		29/12/67	76.67	The FT Business Enterprises, 18, Galt Court, London, E.C.4.		A record of the indices, cost £30, is obtainable from FT Business Enterprises, 18, Galt Court, London, E.C.4. It gives all prices and percentage indices at fortnightly intervals since the start of the series 1962 with quarterly highs and lows. Dividend and earnings figures are also included.							
Wines and Games		31/12/71	151.84	All Other		10/6/62	100.00	FT-Activities indices are calculated by Ertel Communications Limited (a member of the Exchange Telegraph Group) on an 18/24 370 computer.		CONSTITUTIONAL CHANGE: Mather and Platt has been							
Wines and Spirits		16/1/70	262.76	1 Redemption yield.													
Office Equipment		15/1/70	136.72														
Industrial Group		12/1/70	128.20														
Miscellaneous Financial		31/12/70	128.86														
Food Retailing		29/12/67	334.13														















## Output may be rising again, but slower than forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL output may be starting to rise again, although at a much slower rate than forecast in July by the Government. A slight pick-up in production after the summer setback is tentatively suggested by the industrial output index for September published yesterday which shows a rise of nearly 1 per cent, to 102.3 (1970=100).

A large part of the rise in September is merely a recovery from the artificially low August figure which was affected by industrial disputes and the changed holiday pattern. Over the last three months the industrial production is still nearly 1 per cent below the level in the second quarter.

Consequently, the Central Statistical Office said yesterday that the underlying level of industrial output probably had changed little in recent months.

Although there is no doubt that the index is extremely difficult to interpret now because of its erratic month-to-month movements and uncertainties about the state of the economy, it is

### Year's highest

The September index is the first for several months not to have been affected by the hot weather and drought, which changed holiday pattern and by industrial disputes, and so is regarded as providing a rather clearer guide to what is happening.

The index also is the highest this year, apart from the abnormal May figure, and this

INDUSTRIAL PRODUCTION		
1970=100		
Seasonally adjusted		
	All Industries	Manufacturing
1975 1st	104.4	105.9
2nd	100.1	100.4
3rd	99.4	99.5
4th	100.3	100.0
1976 1st	101.5	101.5
2nd	102.0	103.1
3rd	101.7	102.8
4th	102.0	102.8
May	104.0	105.7
June	100.1	100.7
July	101.8	103.3
Aug.	100.8	101.9
Sept.	102.3	103.3

Source: Central Statistical Office

also suggests the possibility that expansion may have resumed. But no-one in Whitehall is prepared to draw conclusions about future trends.

However, the National Income Forecasts completed within the Treasury at the end of last

month are understood to project a slower rate of growth in manufacturing output than the annual rise of 8 per cent over the 18 months to the end of 1977 projected by the Government in July. It is possible that an increase of between 5 and 6 per cent may be indicated for the period.

The future rate of growth will depend considerably on the impact of any measures which the Government may decide to take within the next month.

The analysis by broad market sectors shows that over the last three months the output of consumer goods industries rose by 1 per cent compared with the previous quarter, while that of investment and intermediate goods industries fell by nearly 1 per cent.

On a longer-term comparison, the all-industries index in the last three months was nearly 2 per cent higher than in the same period a year ago, while the corresponding rise for manufacturing production was nearly 3 per cent.

## Loan team sees unions and CBI

By Adrian Hamilton and Peter Riddell

THE INTERNATIONAL Monetary Fund team in London has taken the unusual step of seeing two non-Governmental bodies—the TUC and CBI—to discuss separately their views on wage restraint, industrial growth and future economic policy.

The meetings, earlier this week, appear to have been at the initiative of Mr. Denis Healey, the Chancellor of the Exchequer, although the Government representatives did not attend them.

While none of the parties would comment on the talks yesterday, the fact that the IMF has taken this unprecedented step is a sign of the importance with which the attitudes of the CBI and the TUC are regarded by both the Fund and the Government.

Mr. Healey told the House of Commons yesterday that he expected discussions with the IMF team to take about a "fortnight or so". It is understood that the IMF team has been involved solely in examining the books and discussing projections and that full negotiations on the terms are unlikely to start until next week.

The subsequent timetable is not yet clear, as the team has to report back to Washington. But it is likely that the suggested conditions for the loan will be clear in time for the Cabinet to reach a decision on a package about the end of the month. Possible dates for an announcement include the week in which December starts and the following week.

The IMF's meetings with the CBI and the TUC are thought to have been brief and concerned largely with asking the two bodies their views.

In encouraging this step, the Government has been particularly anxious to convince the IMF of the correctness of its broad support for an industrial growth and wage restraint, and has been keen to avoid being pressed by the Fund into drastic measures which might damage the chances of their success.

The TUC and CBI have expressed strong views of their own on the future course of Government policy, the unions in favour of import controls and the CBI for public expenditure cuts.

Both bodies have given strong support to the policy of voluntary wage restraint and priority to industry; and both, to a degree, are anxious that any Government package at this stage should not have too harsh an impact on domestic demand, employment or inflation rates.

## THE LEX COLUMN

# Chloride comes back for more

Minimum Lending Rate will be hovering on the brink of a quarter-point fall today, but the money market was today too tight to think it will fall unchanged. However, the authorities must be looking for a way of attracting money into the gilt-edged tap stocks ahead of the banking make-up day next Wednesday: subscriptions yesterday were probably under £200m., almost all for the 1982 stock.

### Chloride

Chloride's £16.7m. rights issue will raise a few eyebrows, since it was only two years ago—in the depths of the last bear market—that it raised £7.5m. of new equity. But the move is consistent with the Board's publicly stated policy, which is that total borrowings should normally represent between 75 and 80 per cent. of shareholders' funds.

Cash flow this year is likely to run a little short of spending on fixed assets and acquisitions, while the rise in lead prices together with currency changes could push debt up by over £20m. On that basis year-end gearing would have been 85.85 per cent. without the issue. That would not in itself make this funding necessary, and nor does a technical breach that has occurred temporarily in the security of the debenture stock.

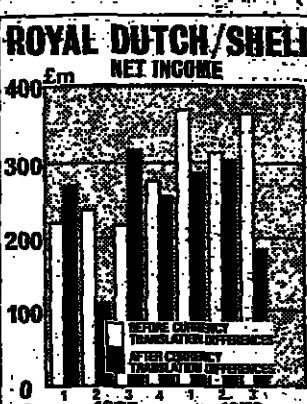
But Chloride is an ambitious company, with all kinds of expansion targets. It was advised that it would have been "premature" to make an issue earlier this year, and it feared that the money might not have been forthcoming in 1977. Hence the timing.

Chloride maintains that a rapidly expanding company should be expected to make periodic calls on its shareholders during a period of inflation. This may be fair enough, but its interim figures in themselves do not provide much scope for this kind of enthusiasm. Profits emerged at £10.2m. compared with a depressed £7.3m. a year earlier, and acquisitions together with currency changes explain £17m. of the increase. However the shares fell a full 10p to 77p yesterday, where they seem to be adequately supported by an ex-rights yield of 9 per cent., and by the prospect of profits growth of perhaps a third this year.

### Dunford & Elliott

At this admittedly early stage, the institutions' motives in the

### Index fell 3.3 to 299.4



ROYAL DUTCH/SHELL NET INCOME

Dunford and Elliott are difficult to "understand". Last night, Dunford confirmed that a number of its institutional shareholders, together with Equity Capital for Industry and Finance for Industry are to underwrite a £3m. issue of 10 per cent. preference, convertible into the ordinary at 35p. Although the share price has doubled to 25p recently, Dunford is still capitalised at just £23m., and the new shares will only represent 45 per cent. of the enlarged equity.

Johnson and Firth Brown is convinced that the institutions are not opposed to the takeover offer, and are only attempting to keep the alternatives open. The unsettling feature, however, is that until the bid appeared, the institutions were offering much less attractive terms than the NEB. As the ECI now prepared to be less commercial than the NEB? And what is Finance for Industry, which is supposed to be a provider of debt, doing in a scheme like this? Are arms being twisted?

### Royal Dutch/Shell

Underlying patterns at Royal Dutch/Shell were encouraging in the third quarter with volume showing a more favourable trend, margins improving and net income—before translation differences—up two-fifths on the same quarter of 1975 at £363m. But because of the dip in sterling towards the end of the three months the U.S. accounting standard FASB 8 has continued to reduce reported net income which was only £185m. After nine months the rise is 11 per cent. to £272m. on the FASB 8 basis—the subject, Shell, com-

plaints of "widespread dissatisfaction"—or 38 per cent. to £1,048m. on a more traditional calculation.

Oil products volume outside North America rose 6 per cent. in the third quarter after a slight fall in the first six months, with Germany especially firm. Refinery utilisation improved to 74 per cent. against 68 per cent. a year earlier. A feature was the unseasonal rise in fuel oil volume, partly reflecting the effect of the European drought on output of hydroelectricity. The strength of Continental currencies against the dollar has helped margins, though the U.K. has been correspondingly difficult. The stage is set for a good final quarter of 1976; final reported net income could be around £1,300m. for a p/e of under 41 on Shell Transport at 394p, up 6p.

### Boots

Something like a third of Boots' first-half profits gain of £6.9m. to £37.7m. pre-tax has arisen outside the U.K., including exports. And between them exchange profits and a rise in interest received account for almost a fifth of the overall upturn. But the underlying trends are healthy enough with manufacturing moving well and retail sales volume since September continuing to grow at 5 per cent. So Boots remains on target for profits overall of about £90m. after, and are only attempting to keep the alternatives open. Another big pension tops up this year.

In the U.K. there are still pressures on gross margins but the net have been held for the half-year; the growth in the wage bill is slowing down markedly in 1976-77 and Finance for Industry, which is supposed to be a provider of debt, doing in a scheme like this? Are arms being twisted?

The shares are a sixth above their low for the year but at 52p a prospective p/e and yield of, respectively, 7 1/2 and 4 1/2 per cent. have no obvious attraction in current markets. However Boots' cash balances provide interest. By the year end these nine months the rise is 11 per cent. to £272m. on the FASB 8 basis—the subject, Shell, com-

## Chloride to raise £16.7m.

By Keith Lewis, City Staff

CHLORIDE, the U.K.'s largest manufacturer of rechargeable batteries, is raising £16.7m. by rights issue—the second time in two years that the group has asked its shareholders for more capital.

In November, 1974, which coincided with the virtual bottom of the last bear market, Chloride raised £7m.—an issue that was left 65 per cent. with underwriters Samuel Montagu. The underwritten price on that occasion was 40p.

The terms of the latest issue are two new shares for every seven held, at a price of 82p. The underwriting is again in the hands of merchant bankers Samuel Montagu. Brokers to the issue are Cazenove.

The news clipped 10p off the share price yesterday to 77p, the same level at which the shares started the month. In July, the price reached this year's peak of 116p.

Chloride, under the chairmanship of Mr. Michael Edwards, has consistently maintained a high level of investment during times of recession.

### Borrowings

Over the past four years, the group has spent £30m. on acquisitions alone. Its capital expenditure programme in 1975-76 amounted to £11.5m. and is considerably higher. The figure is envisaged for the current financial year.

Borrowings have mounted steadily and risen by £12.6m. since March 81. This year, £50m. of which £43.7m. is represented by overseas debt. The purpose of the latest fund-raising operation is to strengthen the U.K. equity base. Chloride's latest half-year figures show pre-tax profits of £10.2m., an increase over the corresponding period of almost 40 per cent.

Issue News, Page 23

Continued from Page 1

### Recessions

higher than anticipated. The stimulus from stock-building has petered out and there is said to be not much sign of export or investment-led growth.

There can be no dispute that world recovery has been below expectations. The argument at international gatherings will be about causes of the setback and whether it is possible to engage in sufficiently delicate international fine-tuning to put countries back on the desired path. The OECD forecasts will underline the dangers of the 15 per cent. oil price increase for which the Shah of Iran has asked and will reinforce the more moderate views expressed by Saudi Arabia, the biggest producer.

## Jack Jones acts quickly to cool dockers' anger

BY ROY ROGERS, LABOUR CORRESPONDENT

MR. JACK JONES, general secretary of the Transport and General Workers Union, acted swiftly yesterday to try to prevent dockers' frustration over the Dockwork Regulation Bill from spilling over into industrial action.

Reacting quickly to news that one of his lay docks delegates was warning of the "grave possibility" of a national dock strike if the five-mile corridor was not implemented, Mr. Jones put out a rushed statement.

## Booth in Labour row on dock Bill

BY RUPERT CORNWELL

AN UNREPENTANT Mr. Brian Walden, one of the two Labour MPs who effectively scuttled the controversial dock work Bill, clashed bitterly last night with Mr. Albert Booth, Employment Secretary, over his behaviour during Wednesday's vital divisions.

The exchanges came at a meeting of the Parliamentary Labour Party, which provided proof, if any were needed, of the strong feelings over the role of Mr. Walden and his fellow moderate, Mr. John Mackintosh, (Berwick) in the Government defeat. Mr. Walden asserted that he would act the same way again if he thought it necessary. Many MPs had been less than enthusiastic about the Bill but, amid cries of "nonsense," he insisted that the party did not listen to people of his views.

Pointing to the disastrous by-election results of Walsall and Workington, he said that Labour was now a coalition which had ceased to function.

A few moments earlier, Mr. Booth had accused the two renegades of "ignoring even the elementary courtesy" of letting him know they felt—despite the scrupulous care taken over

It stated categorically that the TGWU, which represents the majority of dockers, is most definitely not threatening a dock strike.

Describing the rejection of certain aspects of the Dockwork Regulation Bill as "very disappointing," moves that would not improve the industry's labour relations, Mr. Jones said his union would do all it could through constitutional means to retrieve the position.

He was confident that the Government would take all possible steps to overcome these difficulties.

This view was echoed by Mr. Len Murray, TUC general secretary, who said he was sure the Government would wish to correct the situation as quickly as possible.

Mr. Walden, however, asked sarcastically just what was the value of such discussions. "I have disagreed with the Chancellor of the Exchequer before. We have had talks but to what effect?"

Just how to discipline the rebels is almost as thorny a problem for the Government as to decide how to rescue what is left of the Bill. Yesterday, both were given a sharp dressing down from Mr. Michael Cocks, Chief Whip, but as everyone points out, any further sanctions might just make matters still more fraught for the Government.

The Employment Secretary repeated the position taken by senior Ministers yesterday, that the Cabinet was not giving up and that legislation "appropriate to the circumstances" would be presented to Parliament.

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There has already been considerable discussion inside the Fund about what the negotiating team should be examining.

Before it left, apparently there was pressure from some very senior IMF staff that the negotiations should try to get Britain to agree to a series of wage targets for the next two years.

This is now understood to have been abandoned, at least for the moment.

The Fund is clearly very concerned about future wages policy, but it is now also more aware of the political difficulties that would face the Government if it tried to set wage targets before next talks with the TUC.

The team is said to be concentrating largely on targets for monetary aggregates and especially on the size of the public sector deficit, as possible, though so far unspecified, alternative ways of financing it.

It is understood that some public spending cuts may be inevitable as part of whatever package is finally worked out, but the Fund is well aware of the need to tread cautiously because of the delicate political and economic situation in Britain.

Indeed, there is considerable sympathy for, and good will towards Britain, both within the Fund and elsewhere. However, this is tempered by some confusion about the real intention of the British Government.

It is clear that there is not

Continued from Page 1

## Loan extension possible

reject the suggestion that to extend the loan would be any sort of play, and believe that the IMF is going to need more time than the December 9 deadline allows to do its job properly.

According to this argument, a decision to extend the swap agreement for perhaps another six weeks would not only make the IMF's task a little easier, but much more important. It would be taken as a sign that other nations remained interested in aiding Britain if a suitable way could be found.

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It is clear that there is not

## Weather

### U.K. TODAY

MAINLY dry, bright spells. Showers around coasts. Fog and frost.

London, E. Anglia, E. N.E., N.W. and Cent. England, Midlands. Mainly dry bright periods. Fog early and late. Wind variable, light. Max. 5C (48F).

S.E. England, Channel Is. Sunny periods, scattered showers. Wind N.E., light. Max. 10-11C (50-52F).

### BUSINESS CENTRES

	Y'day	Mid-day	Y'day	Mid-day
Algeria	17	24	17	24
Amsterdam	18	25	18	25
Antwerp	18	25	18	25
Bombay	18	25	18	25
Buenos Aires	18	25	18	25
Calcutta	18	25	18	25
Canton	18	25	18	25
Cebu	18	25	18	25
Hankow	18	25	18	25
Hong Kong	18	25	18	25
Kobe	18	25	18	25
London	18	25	18	25
Lyons	18	25	18	25
Manila	18	25	18	25
Medan	18	25	18	25
Shanghai	18	25	18	25
Singapore	18	25	18	25
Sourabaya	18	25	18	25
Tientsin	18	25	18	25
Yokohama	18	25	18	25

S.W. England, Wales, Lakes, Isle of Man, Borders, S.W. Scotland, Glasgow, N. Ireland. Mainly dry, sunny periods. Fog inland. Wind variable, light. Max. 10C (50F).

Edinburgh, Dundee, Aberdeen, Moray Firth, Cent. Highlands, N.E. Scotland, Orkney, Shetland. Bright spells, showers. Wind N.E., light or moderate. Max. 8C (48F).

Argyll, N.W. Scotland. Mainly dry, sunny spells. Wind N.E., light. Max. 9C (48F).

Outlook—Mainly dry, sunny periods.

Lighting-up: London 16.48, Manchester 16.47, Glasgow 16.46, Belfast 16.58.

### HOLIDAY RESORTS

	Y'day	Mid-day	Y'day	Mid-day
Ajaccio	17	24	17	24
Algeria	17	24	17	24
Amsterdam	18	25	18	25
Antwerp	18	25	18	25
Bombay	18	25	18	25
Buenos Aires	18	25	18	25
Calcutta	18	25	18	25
Canton	18	25	18	25
Cebu	18	25	18	25
Hankow	18	25	18	25
Hong Kong	18	25	18	25
Kobe	18	25	18	25
London	18	25	18	25
Lyons	18	25	18	25
Manila	18	25	18	25
Medan	18	25	18	25
Shanghai	18	25	18	25
Singapore	18	25	18	25
Sourabaya	18	25	18	25
Tientsin	18	25	18	25
Yokohama	18	25	18	25

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